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# West Europe Report

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## WEST EUROPE REPORT

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## CONTENTS

## THEATER FORCES

## BELGIUM

- Foreign Minister Nothomb Gives Stance on TNF  
(Charles-Ferdinand Nothomb Interview; L'ESPRESSO, 20 Sep 81)..... 1

## ICELAND

- Anti-Nuclear Weapons Group Urges Inclusion in 'Zone'  
(INFORMATION, 7 Sep 81)..... 3

## NETHERLANDS

- Van Der Stoel on Arms Role of Defense, Foreign Ministers  
(Max Van Der Stoel Interview; NRC HANDELSBLAD, 19 Sep 81)..... 5
- Former Defense Minister Opposes TNF Rejection  
(NRC HANDELSBLAD, 23 Sep 81)..... 7

## SWEDEN

- Setbacks Seen to Nuclear-Free Zone Initiative  
(Ingmar Lindmarker; SVENSKA DAGBLADET, 20 Sep 81)..... 8

## TERRORISM

## FEDERAL REPUBLIC OF GERMANY

- 'Tuwat,' Civic Representative Discuss Violence in Berlin  
(DER SPIEGEL, 7 Sep 81)..... 11

## ENERGY ECONOMICS

### DENMARK

#### Briefs

Largest Power Plant Starts	15
Winter Fuel Stocks Sufficient	15

### FEDERAL REPUBLIC OF GERMANY

Future Role of Coal, Nuclear Energy in FRG (F. J. Spalthoff; ATOMWIRTSCHAFT ATOMTECHNIK, Jul 81).....	16
--	----

### FINLAND

Soviets Cut Natural Gas Price in Bid To Sell to West (Risto Maenpaa; INFORMATION, 22 Sep 81).....	27
--	----

## ECONOMIC

### BELGIUM

Professor on Mechanism, Consequences of Wage, Price Index (Etienne-Sadi Kirschen; LE SOIR, 15 Sep 81).....	29
---	----

### CYPRUS

Cyprus Becomes Business Center (THE CYPRUS WEEKLY, 18-24 Sep 81).....	34
Industrial Production Drops (CYPRUS MAIL, 20 Sep 81).....	35

### DENMARK

Farmers' Council President Foresees Agriculture Crisis (Troels Aagaard; BERLINGSKE AFTEN, 14 Aug 81).....	36
--	----

Jorgensen Skeptical Regarding OECD, IMF Advice (Hilary Barnes; BERLINGSKE AFTEN, 14 Aug 81).....	41
---	----

#### Briefs

Jorgensen Deemphasizing Economic Democracy	45
Losses on Swine Exports	45

### FEDERAL REPUBLIC OF GERMANY

Employment, Housing, Personnel Problems Plague Berlin (Otto Joerg Weis; FRANKFURTER RUNDSCHAU, 3 Sep 81).....	46
--	----



## SWEDEN

Failure of Economic Policy Seen Behind Devaluation (Flemming Roder; INFORMATION, 17 Sep 81).....	50
---	----

## TURKEY

Western Advice Scored, Arab Relations Praised (Editorial, Mehmet Fahri; MILLI GAZETE, 20 Sep 81).....	54
--	----

## POLITICAL

### BELGIUM

Leadership, Policy Choices for Flemish Liberals (KNACK, 2 Sep 81).....	56
---	----

### DENMARK

Foreign Minister Sees Larger Nordic Role in World Affairs (Hugo Garden; INFORMATION, 12-13 Sep 81).....	60
Poll Registers Continued Advances for Conservative Party (Lisbeth Knudsen; BERLINGSKE TIDENDE, 6 Sep 81).....	64
New Conservatives' Chief Urges Cooperation With Liberals (Johannes Bundgaard; BERLINGSKE TIDENDE, 6 Sep 81).....	66
Paper Comments on Continued Growth in Conservative Support (Editorial; BERLINGSKE TIDENDE, 6 Sep 81).....	68
Briefs	
SDP Congress Defense Stand	70
SDP Congress Backs 'Zone'	71

### DENMARK/GREENLAND

Siumut Chairman Suggests EC Associate Status (GRONLANDSPOSTEN, 26 Aug 81).....	72
Jorgensen Approves Suggestion of EC Associate Status (GRONLANDSPOSTEN, 2 Sep 81).....	74
Motzfeldt Sees Increasing Chance for Remaining in EC (BERLINGSKE TIDENDE, 23 Sep 81).....	76

## FEDERAL REPUBLIC OF GERMANY

Gaus on Present, Future FRG, GDR Relations (Guenter Gaus; DIE ZEIT, 11 Sep 81).....	77
--	----

## FRANCE

Leroy on Government, PCF Policies; Ministers; U.S. Policies (Roland LeRoy; L'HUMANITE, 14 Sep 81).....	84
---	----

## GREECE

Electoral Strength of Communist Parties Analyzed (Giannis Fatsis; TO VIMA, 4 Sep 81).....	89
Electoral System Hurts New Democracy Party (Angelos Stangos; TA NEA, 9 Sep 81).....	93
Georgios Mavros Outlines Political Objectives (TO VIMA, 8 Sep 81).....	99
KKE-Exterior, KKE-Interior Party Policies Analyzed (V. K. Paikos; TO VIMA, 8 Sep 81).....	102
Averof Attacks Papandreou on 'Mitterrand' Issue (ATHENS NEWS, 22 Sep 81).....	107

## MILITARY

### DENMARK

Paper Comments on Divisions Within SDP on Security Policy (Editorial; BERLINGSKE TIDENDE, 16 Aug 81).....	108
--	-----

### SWEDEN

Air Force Chief Urges Swedish Plane Replace Viggen (Editorial, Olof Santesson; DAGENS NYHETER, 18 Sep 81).....	110
Proposed Armed Forces Reorganization Unveiled (Jan Almløef; SVENSKA DAGBLADET, 19 Sep 81).....	112

## GENERAL

### FRANCE

Elf-Aquitaine Finds Major Mineral Deposits in Brittany (L'HUMANITE, 3 Sep 81).....	114
---	-----

FOREIGN MINISTER NOTHOMB GIVES STANCE ON TNF

PM241315 Rome L'ESPRESSO in Italian 20 Sep 81 pp 10-11

[Interview with Belgian Foreign Minister Charles-Ferdinand Nothomb by Giancesare Flesca in Brussels: "In Belgium, However, the Government is in Charge"--date not given]

[Excerpt] Brussels--[Question] Minister, why is Belgium refusing to deploy the cruise missiles on its territory?

[Answer] It is not true that our country is refusing to carry out its duties toward the Atlantic Alliance. Ours is a small country but it is proud of being one of the founders of NATO, in whose decisive importance all the political forces in parliament believe, with the exception of the small communist party.

[Question] Nonetheless you, like the Netherlands, have adopted the proposal for a moratorium which in other alliance countries like Italy has been supported precisely by the communists.

[Answer] A distinction must be drawn between our position and the Netherlands' position. When NATO formulated its proposals on European security in December 1979, the Netherlands asked for 2 years before giving a final reply while we merely asked for 6 months. In addition it should be remembered that there are "neutralist" factions in Dutch society which are inconceivable here in Belgium precisely because of our country's unfortunate neutralist experiments during the two world wars...

[Question] Why did you ask for 6 months to decide? Those 6 months are now going on for 2 years.

[Answer] One of my predecessors was Minister Armel, who at the end of the sixties drafted an Atlantic alliance doctrine which was accepted by all the member countries and which can be summed up as follows: NATO is a security and defense force but also a force of detente and dialogue. In this spirit, and with great loyalty to the alliance, we established excellent bilateral relations with the Soviet Union. When NATO decided to deploy the Euromissiles, therefore, we asked for 6 months in the hope that useful negotiations would meanwhile be started between the two blocs which would have made it possible to review the whole theater weapons situation in Europe.

[Question] That was 2 years ago. Meanwhile the international situation has rapidly deteriorated and people are again talking of a cold war...

[Answer] It is true that the international situation has grown more tense, objectively speaking. But I still believe that the two superpowers really want to negotiate. I have recently had meetings with Gromyko and Haig and both said the same thing to me. Why should I not believe them? We should trust the rational desire of the governments.

[Question] In Europe, however, many people are suspicious of your government's real intentions...

[Answer] There is no reason why they should be. We have always said that we fully support the NATO decision to deploy theater missiles on European territory. The reason we have taken our time is that we thought our position would have encouraged negotiations between the two superpowers and would ultimately have been an element of stability within the framework of the negotiations.

[Question] But these negotiations are likely to fail at the start or at best to be prolonged, going beyond the 1983 limit within which the cruise missiles should be deployed on your territory. What will you do then?

[Answer] We have assessed the various hypotheses, giving a precise indication for each. Therefore if the negotiations are a complete success, leading to the suppression of the European missiles on both sides, there will be no problem. If the negotiations lead only to a reduction of the missiles, but still bilateral, instead of removing them altogether, we are prepared to accept the share which falls to us proportionally within the framework of our Atlantic commitments. If the negotiations were to fail we would unhesitatingly accept our obligations in full solidarity with the allies. If the negotiations go on for a long time, as seems probable, we will ask to be involved in them and will review our decision every 6 months.

CSO: 3104/9



ANTI-NUCLEAR WEAPONS GROUP URGES INCLUSION IN 'ZONE'

Copenhagen INFORMATION in Danish 7 Sep 81 p 5

[Text] The negotiations regarding a nuclear-free zone in the Nordic countries will have to be expanded so that not only Norway, Sweden, Finland, and Denmark are included.

This viewpoint was advanced in various ways last weekend by the participants in two conferences, the main themes of which were disarmament.

The Anti-Nuclear Weapons Group had invited representatives from a number of similarly disposed European movements for an exchange of viewpoints.

And the Joint Council of Danish Youth held a disarmament conference at Christiansborg with participants from a number of member organizations of the Joint Council of Danish Youth.

Positive Proposal

At the former conference, one of the leaders of the British anti-nuclear weapons group, Ken Coates of the Bertrand Russell Peace Foundation, argued that "the alternative vision of a nuclear-free Europe must be advanced before the reaction against the neutron bomb and the NATO missile proposal loses its impetus--the negative rejection will have to be followed up by positive ideas."

Representatives of the Danish organizers said that they will now concentrate their efforts more on the cooperation to the south. For example, the idea of a nuclear-free area comprising the Nordic countries may be expanded to include Schleswig-Holstein as well. There are at least three nuclear installations south of the border, and the West German opposition to nuclear weapons is ostensibly strongest in this area.

Icelandic Concern

From Iceland, Olafur Grimsson, member of the Icelandic Althing, participated in the conference, and he expanded the idea of a zone in another direction. Not only Iceland but also the Faroes as well as Greenland should be included in the deliberations, he said. "This has hitherto been neglected."

These islands are not only part of the Nordic countries, but if a zone isolated to comprise the four big countries is carried through, this will, in his opinion, within NATO increase the pressure on Iceland, the Faroes and Greenland, which already have equipment of great importance to the nuclear strategy of the alliance.

#### Balancing Act

The conference of the Joint Council of Danish Youth was to discuss the continued efforts toward disarmament and detente.

A representative of the international committee of the Joint Council of Danish Youth said in his introduction that a nuclear-free zone in the Nordic countries should include the nuclear zones around us.

He was supported in this view by a representative of Communist Youth of Denmark, who said if, in connection with the debate on the zone, the issue of Soviet territory is raised, West Germany should be included as well.

The debate at the Joint Council of Danish Youth conference was marked by the balancing act which is necessary in order for, for example, both gymnastics clubs and purely political groups to cooperate. The parties may unite in an effort to provide information where concrete political attitudes are omitted.

7262

CSO: 3106/173

## VAN DER STOEL ON ARMS ROLE OF DEFENSE, FOREIGN MINISTERS

PM251459 Rotterdam NRC HANDELSBLAD in Dutch 19 Sep 81 p 3

[Interview with Netherlands Foreign Minister Max Van Der Stoel by An Salomonson: "Cooperation with Defense Ministry"]

[Text] The Hague, 19 Sep--"Giving content to the arms limitation discussions with our allies is and will remain the primary responsibility of the foreign minister. This does not mean that I do not welcome the contribution which the Defense Ministry can make from its specific expertise. If arms limitation is being discussed within the NATO framework or an international talks in Geneva or Vienna--it is and remains the primary responsibility of the foreign minister, although the Defense Ministry can make a contribution."

This is the description given by Foreign Minister Van Der Stoel on the eve of his departure for the 36th UN General Assembly session in New York of the crux of the agreement he has reached with Defense Minister Van Mierlo.

However, it is Hans Van Mierlo and not Van Der Stoel who will represent the Netherlands at the end of October in the NATO Nuclear Planning Group [NPG] when the question of nuclear arms modernization will be discussed. And in the high-level group, a subgroup set up specifically for the modernization question, the Netherlands presence consists firstly of a Netherlands Defense Ministry representative and secondly of a Foreign Ministry representative, the opposite of the arrangement in the past. Does this not indicate a clear shift in areas of competence?

[Van Der Stoel] I took part in the creation of the NPG when I was secretary of state at the Foreign Ministry.

I remember that I was not allowed to go to the meetings of the group with the then defense minister, P.J.S. De Jong. This was how things were when the Foreign Ministry was led by a certain Mr Luns. It may be true that the defense minister sits on the NPG, as do those of all the other countries, but one of the top people from the Foreign Ministry is part of the delegation. I am convinced that the defense minister will work from a common policy concept. Everything he will say there will be jointly discussed in advance. [answer ends]

Against the primacy of the Defense Ministry in the high-level group Minister Van Der Stoel places the primacy of the Foreign Ministry in the special consultative

group, another subgroup. He refuses, he said, to think in terms of "gnawing" at each other's areas of competence. Reminded of the rows between the Foreign and Defense Ministries concerning the drafting of the speeches for the most recent budget debates, when a top official in the Foreign Ministry went wild because his colleagues in the Defense Ministry steamrollered their views through all too unsubtly, Van Der Stoel reacted with resignation. He finds that there are always points of friction and irritations. "But when the text of the agreement was on the table I really did not have the feeling that I had lost any of my powers, but rather that together with Hans I had laid the foundation for excellent cooperation."

[Question] Does not the alternating chairmanship of the new steering committee not point to shared responsibility, through which the Foreign Ministry's loss of powers under [former foreign minister] Van Der Klaauw has more or less been formalized?

[Answer] Even before the days of Van Der Klaauw, when I myself was foreign minister, I always saw the defense minister as a very close colleague. I always talked over all relevant problems with both Vredeling and, later, with Stemerding. This line was pursued under the previous cabinet.

Under pressure from the new, extremely difficult situation, new provisions are necessary. Hence the agreement for as firmly integrated a policy as possible. This same agreement also expressly states that the areas of competence of the two ministries will remain as they were. There are not two foreign ministers, nor are there two defense ministers, but only one of each. Netherlands foreign policy is especially entrusted to the foreign minister, and the same applies to the defense minister. [answer ends]

CSO: 3105/6



## FORMER DEFENSE MINISTER OPPOSES TNF REJECTION

PM290805 Rotterdam NRC HANDELSBLAD in Dutch 23 Sep 81 p 3

[Unattributed report: "Former Minister Attacks Church Neutralism"]

[Excerpts] The Hague, 23 Sep--Former Defense Minister De Geus made a bitter attack yesterday evening on the interchurch peace council and neutralism in the Netherlands.

He remarked: "What threatens us is not the fact that nuclear warheads will in the future be mounted on cruise missiles and no longer suspended from aircraft, but the Soviet empire which begins a couple of hundred kilometers to the east of us at Helmstedt and stretches to the Pacific Ocean. The fact that some Netherlanders see things differently is due to the incessant propaganda from the political left, which entered the elections with oversimplifications about the cruise missiles."

The former minister warned that we should not have any illusions that we can bend all our allies to our will. He stressed the great importance of following the same line as the FRG. He also pointed out that the concessions made by the northern NATO nations--Norway and Denmark--which do not allow nuclear weapons on their territory in peacetime have not led to any gesture from the Russians. "Why then should a Netherlands concession lead to anything?"

De Geus said that one-sided rearmament in West Europe would eventually bring us to a position of dependence in the area of exports in relation to the surrounding West European nations.

"People would not resort to sanctions if the Netherlands no longer wanted to be a full member of NATO, but our economic and other interests would no longer be taken into consideration, and that would break us."

CSO: 3105/6

## SETBACKS SEEN TO NUCLEAR-FREE ZONE INITIATIVE

PM241211 Stockholm SVENSKA DAGBLADET in Swedish 20 Sep 81 p 5

[Article by Ingmar Lindmarker: "No Clear Answers in Moscow on Nuclear-Free Zone"]

[Text] The idea of a nuclear-free zone in the Nordic countries has been dealt a couple of hefty death blows in the last few weeks.

The government changeover in Norway and the Russians' brusque dismissal of cabinet Secretary Leif Leifland's zone reminders when in Moscow are a cold shower for those who had been hoping for progress.

In addition Alva Myrdal in "A Nuclear-Free Europe?" seems to be retreating from her past optimism in the zone question. She is now proposing that countries should one by one try to win guarantees from the nuclear powers that they would be not attacked with nuclear weapons.

When Kaare Willoch becomes prime minister in October it will undoubtedly mean that Norway will no longer be the prime mover in the Nordic countries on the nuclear-free zone idea. The Conservative Party leader's position is crystal clear--only the superpowers can reach a mutual agreement as a part of large-scale European disarmament to establish nuclear-free zones.

The distrust of Moscow's intentions is considerably greater among those who shape the Conservative Party's foreign policy than in the Labor Party. Willoch himself is fond of claiming that Soviet guarantees are worthless--every country which has been attacked by the Soviet Union has been assured in advance that there would be no such attack, he says.

In Oslo it is also a common view that the Kremlin's only interest in a nuclear-free zone in the Nordic countries is to entice Norway and Denmark to leave NATO cooperation. The Russians' stated ambition, it is said, is that Norway should behave like France--remain in the Atlantic Alliance but not participate militarily.

Leif Leifland's talks with Deputy Foreign Minister Igor Zemskov were a dialogue of the deaf on the subject of the zone. Zemskov did not add a comma to what Brezhnev had said in the Finnish Social Democrats' newspaper in June--an interview which Zemskov had with him in his notes.

The outcome of the talks was gloomy and does not point the way forward. Leifland insisted on some form of Soviet clarification of Brezhnev's unclear half-promise that Soviet territory could also be included in zone negotiations. However, Zemskov was adamant that it was now the responsibility of the Nordic governments to formulate a joint plan.

He did not want to say anything about the sensitive question of checks or termination clauses in a treaty. Sweden claims that Soviet SCUD nuclear missiles which are stationed in the north and cannot reach targets outside the Nordic countries must of course be removed, but it was Zemskov's view that all questions of arms limitation must be the object of negotiation.

With this rockhard Russian attitude Brezhnev's demarche in the early summer seems more like propaganda fuel for the peace activists active then. It remains to be seen whether Ullsten can get any clearer answers from Gromyko in New York, but even if he does and even if the zone question is officially on the Nordic foreign ministers' agenda, the Willoch government is opposed to any form of joint Nordica negotiations with the Soviet Union on security policy.

However, no Nordic government can continue to deny that the widespread fears about the nuclear arms race in public opinion have grown into a firm political reality in the last 6 months. The Nordic Social Democrats will also pursue the nuclear-free zone question, probably with pressure from public opinion, which could increase because of the increasingly desperate opposition in West Germany and other NATO nations to the deployment of medium-range missiles in Europe.

What then is realistic? How can the new fear be transformed from passivity into demands for measures that are politically possible? What could Sweden do, for example?

In Alva Myrdal's 55-page booklet, which can be ordered from the Foreign Policy Institute in Stockholm, the idea is mooted of a gradual process toward nuclear-free zones, rather than a programmatic, all-embracing decision on a zone with a fully developed structure.

It is Alva Myrdal's view that a line which could lead somewhere today is that the small states one by one gain confirmation of the nonaggression promises which the nuclear powers have made with regard to their nuclear arms. Most recently Brezhnev said in 1979: "I would like to make formal declaration that the Soviet Union will never use nuclear arms against states which refrain from producing or acquiring such weapons, and which do not have such weapons on their territory."

Sweden has in fact already asked for such confirmation. In a speech in the disarmament committee in Geneva in April this year Ambassador Curt Lidgard demanded that the nuclear powers give assurances that their promises not to attack states which fulfill certain conditions apply to Sweden. As yet no replies have been received, either from the East or the West.

The Swedish Government will not go so far as to accept Alva Myrdal's proposal for an exchange of notes about guarantees. It wants to avoid any bilateral element which could give the possibility of surveillance in our foreign policy and thus nibble away at our neutrality.

Thus it is uncertain whether Sweden would insist on unilateral confirmation and content itself with this. Kaare Willoch's skepticism about the value of Soviet nonaggression guarantees is shared by many people in central positions in the Swedish Government and foreign policy administration.

However, it is possible that Igor Zemskov's nonanswers, Willoch's refusal to discuss security policy with the Russians and Alva Myrdal's insights into what is actually possible could tidy up the debate on a nuclear-free zone in the Nordic countries. So far the new fears of a nuclear war in public opinion seem to have prevented many politicians from speaking their mind on what is politically possible in the Nordic countries positioned between the nuclear-armed superpowers on the verge of a cold war.

CSO: 3109/6



## 'TUWAT,' CIVIC REPRESENTATIVE DISCUSS VIOLENCE IN BERLIN

Hamburg DER SPIEGEL in German 7 Sep 81 pp 114-115

[Discussion between "Civic Action Against Chaos" representative Bernhard Weidner and a "Tuwat" representative referred to as "Peter" staged by Wolfgang Bayer and Joerg R. Mettke of DER SPIEGEL about violence in Berlin: "There's a Stink Here, and Things Are Simmering As Well"]

[Text] [SPIEGEL] The organizers of "Tuwat" had made the highfalutin announcement that 50,000 supporters from all over the world were going to compound Berlin and bring it to a "stink and boil." In the event not quite 2,000 people showed up. The urban climate is as bad as it has been, but at the moment no worse anyway. Nor was the counter-organization "Civic Action Against Chaos" exactly modest. It immediately declared that it was the mouthpiece of the silent majority of 900,000 Berliners. In fact it was founded in the backroom of some joint without the masses that like order taking any kind of notice.

[Civic Action] Go ahead and make fun; that is your style. Our position is clear. We take the liberty and assume the right to be against violence and terror in this city and to give our opinion on it.

There does exist the danger of citizens who are affected by smashed windowpanes or get entangled in a demo and get hurt deciding one day, "I am going to hit back." We don't want that, and according to what we have read now, the "Tuwat" scene doesn't want it either. If we agree on that, we will all have made some progress.

[Tuwat] About your initial question: We need not compound this city. There's an awful stink here anyway, and things are simmering as well. What makes me so suspicious about this civic action is that Senator for the Interior Lummer first wanted to take part in it and then on very short notice canceled because of security policy reservations. So here a senator for the interior clearly sides with an action which purports to be itself opposed to chaos. The only question is: Which chaos do they and Lummer have in mind?

[Civic Action] The one caused by you or those who support you.

[Tuwat] I see. And where were you when we had all the redevelopment mess here in Berlin, with force being used against people and things, and when no legal methods were adequate to make this problem public? It turned out that we first had to

squat, and our final argument was those rocks, and—sad as it is—only they created a public stir.

[Civic Action] Sure, you should speak your mind, but surely you cannot restrict others in their personal freedom by applying force in order to make your political view prevail.

[Tuwat] Please don't always patronizingly show us the legal way. We have tried it often and without any success.

[Civic Action] The new CDU Senate is trying to start reasonable discussions with you; only you are in no way ready to talk.

[Tuwat] It isn't the way you put it. We have often stated the conditions for talks--release of the squatters under arrest, dismissal of the 6,000 penal proceedings. Because we want to sit down and talk.

[Civic Action] Of course it is the way we put it. You want to go and carry your disgruntlement into the street, according to the slogan "The street is ours," and we with our Civic Action are 48 years too late--that is what you wrote us on a postcard. It has long since ceased to be a case of squattings; there is much more at stake. Why don't you go ahead and let the cat out of the bag.

[Tuwat] Sure there is more at stake--among other things, a redevelopment concept that does not destroy human dignity. And this Senate you recommend has started with clearing buildings without there being any concept. Our advice is this: Let it first concern itself with the more than 600 buildings that are still standing empty and not with the 160 occupied--that is, inhabited--buildings.

[Civic Action] The CDU did submit a concept, and it received recognition among all parts of the population.

[Tuwat] In a concrete way?

[Civic Action] I cannot say in detail. Surely, it is your business....

[Tuwat] Yes, we have made ourselves knowledgeable in the legal fight--one that has lasted for years--against this redevelopment policy disdaining human beings. Therefore we also understand the violence--unlike you, who do not even know what caused it. Sure you are upset when glass is flying in banks and department stores. All we can say is that these very banks and department stores are making money off this inhuman redevelopment policy. But that does not provoke a word of protest on your part.

[Civic Action] These are empty phrases. If you occupy a building, it is not a political action but one aimed at obtaining an economic advantage. At bottom you are not doing anything different from what you are reproaching the banks for: You are enriching yourselves off the property of others.

[Tuwat] In what way are we enriching ourselves when our people occupy buildings, restore those buildings with their own means, with their own unpaid labor and never sure if they will be kicked out or not.

[Civic Action] And yet this doesn't justify saying: If legal means won't work, we'll just use force. It is this use of force against which we are defending.

[Tuwat] What kind of use of force is it if one occupies a building standing empty?

[Civic Action] Mr. Peter—for you have no last name—you are trained; one can notice that.

[Tuwat] Now what is that supposed to mean?

[Civic Action] You try very cleverly to talk about your squatting action and to divert us from our actual concern—the chaos in the streets. We did not establish our organization under the slogan "Against squatting" but under the slogan "Against the chaos in our streets." It is this that has to be discussed here.

[Tuwat] Certainly. Yesterday alone, we had 50 or 60 persons seriously injured after that battle on Kurfuerstendamm, after the peace demo. Of those, at least half were passersby, and all were beaten up by the police.

And another thing: Some elderly people came to us quite excited and told us that some types had just smashed a windowpane and had been arrested. We asked them to show us those people. They clearly were plainclothesmen. They were sitting in a green VW bus with license plate B - CW 716 and a green Ford Taunus with license plate B - RN 522. They were wearing black and green helmets with Alternative stickers. We have witnesses for this, and we have long since known that the police send out provocateurs to stage such street battles.

[Civic Action] Probably (and I am now getting polemical) it was always the police together with the affected citizens who themselves smashed the windowpanes.

[Tuwat] No one claims that of course.

[Civic Action] They have set their own cars on fire....

[Tuwat] ...Baloney. No one claims that citizens have smashed in their own windows. But surely you cannot claim that all the people who at present are under arrest pending trial, or all the 6,000 people against whom there are criminal proceedings at present have committed criminal offenses. And one more thing: to smash the windows of small shopkeepers, we too find disgusting. For it is they who are hit by the mistaken policy.

[Civic Action] Would you allow me to march with you at the next demonstration so that I can form an opinion on the spot about who hits first, who engaged in provocation first?

[Tuwat] Of course. You can attend any demonstration. If I am there, you can even walk with me.

[Civic Action] We shall see. But we insist that our state must exercise its monopoly of force more energetically. The police must be able to filter 200 rioters

from a demonstration of 16,000 people, such as the one for peace. There has to be an end at long last to a few people who want to create chaos being in a position time and again to use force against decent citizens in the street. Otherwise you will ruin this city.

[Tuwat] We? Was it us who ruined Berlin or Kreuzberg, or was it not that handful of speculators with the Support of the Senate? You get worked up about smashed windows but don't say a word about the livelihoods destroyed by this policy in this city.

[Civic Action] Yes, we do get worked up about every window that gets shattered, and I now ask you this quite concrete question: are you ready to do your bit to prevent these riots? Yes or no?

[Tuwat] We would be happy if this throwing of rocks became superfluous as a result of removing the causes of this violence. How can we disassociate ourselves from the use of force if we see our people being driven to it?

Do you think one is born to be a stone thrower?

[Civic Action] You aren't born to be one, but you have been brought up to be one.

[Tuwat] By my parents, to throw rocks?

[Civic Action] We believe there are people hiding behind the squatters' scene who plan massive attacks on the basic democratic order of our state.

[Tuwat] Communists? If so, which ones? Or perhaps fascist-like rabble, as charged by the Metalworkers Union and Mr. Lammer?

[Civic Action] People like you. It simply cannot be the sole purpose of these riots any longer to draw attention to an untoward state of affairs. It can now only mean one thing: to bring about an overthrow.

[Tuwat] Go ahead and tell us: who is back of us?

[Civic Action] Why should I tell you? You know much better yourself.

[Tuwat] No, unfortunately not. Of course, we do have someone inside your so-called Civic Action. And we do know this: they are not fascist-like violent types. We are very well informed there. You have not been able to unmask all of us.

[Civic Action] We haven't unmasked anyone.

[Tuwat] And because we have people with you inside, we know that there is no need to fear any counterviolence on your part.

[Civic Action] So we are agreed. Or else you probably would have come with your squads of rowdies by now.

[Tuwat] No, no; we purposely did not do so, nor do we have any squads of rowdies. And we really do not want any violence. But we will defend ourselves if one tries to destroy our life threads by force.



## BRIEFS

**LARGEST POWER PLANT STARTS--**The loss of energy in a single part in the country's biggest power plant group, bloc 5 of the Asnæs Power Plant, corresponds to 12 million kWh of power annually. For that reason, the power plant tried to use a new and energy-saving design which would have reduced the loss to "merely" 5 million kWh. This was a failure. And the better known part is now being mounted back into its place between the turbine and the generator in what will tomorrow officially become the country's largest power plant. The replacement means that even if Queen Margrethe will tomorrow inaugurate bloc 5, it will be some time before Denmark's most costly and most elegant building construction will start producing the 650 megawatts for which it has been built. Bloc 5 of the Asnæs Power Plant is, at the same time, the most wrongly situated power plant in Denmark. Bloc 5, tall like a skyscraper, has today no other possibility of getting rid of the enormous quantities of waste heat generated in connection with the power production than by releasing it into Kalundborg Fiord. [Text] [Copenhagen BERLINGSKE TIDENDE in Danish 28 Sep 81 p 1] 7262

**WINTER FUEL STOCKS SUFFICIENT--**Abundant hydraulic power from Norway and well-functioning nuclear power plants in Sweden are the reasons why Danish power plants have such excessive supplies of coal on hand. Just within the Elsam [organization for coordination of electric power in Jutland and Funen] area, there are at present 500,000 tons of coal in excess of the theoretical storage capacity, and the piles of coal, therefore, mount to 30 meters, Elsam states. The power plants in Jutland and Funen have, moreover, earmarked an area at the Funen Power Plant for storage of the enormous quantities of coal, and two additional coal barges have been rented to get rid of the coal lying at the central harbor at the Engsted Power Plant. At the same time, the large-scale purchases of low-cost power from Norway and Sweden which have been going on for 7 months now, have caused the power plants to run into problems due to the lack of available funds in consequence of the fact that the power purchases are settled in current account. The coal has been purchased under long-term contracts and, therefore, cannot be suspended. Big loans at high interest rates, therefore, are the reverse side of the desirable situation in which the power plants have landed on account of the heavy purchases of power from the other Nordic countries. However, Elsam considers the advantages to outweigh the disadvantages by a couple of hundred million kroner. So far the purchases of this year amount to one third of the total power consumption of the Elsam region, which is a new record in power purchases. [Text] [Copenhagen BERLINGSKE TIDENDE in Danish 13 Sep 81 p 1] 7262

## FUTURE ROLE OF COAL, NUCLEAR ENERGY IN FRG

Duesseldorf ATOMWIRTSCHAFT ATOMTECHNIK in German Jul 81 pp 416-420

[Article by Engineer F. J. Spalthoff: "The Future Role of Coal and Nuclear Energy"]

[Text] Just a few years ago, when forecasts were made regarding energy utilization for current generation, the percentage shares of at least five primary energy sources were listed and projected into the future. Oil and gas price hikes, essential factors in the FRG's output balance deficit, led to the political demand for basing electric power generation most extensively on coal while the residual needs would be met through nuclear energy. Present-day analogies show that, to meet this requirement, in addition to the utilization of coal, we would need a considerable nuclear energy share even if the electric current requirement were not to grow any further. This means that we would either have to reduce the obstacles to nuclear energy utilization which have been growing for a number of years or we would have to pile serious burdens on the national economy year after year.

The topic is not new. Many people might say: "That is old hat; that is the same old tune." This is partly even correct because the role of coal and nuclear energy in electric power supply has been discussed in connection with numerous energy programs and scenarios. It has seemingly been discussed to death. The assignment of roles has already been spelled out on paper:

Coal is to play the main role in keeping with the policy of giving priority to coal based on political demands.

Nuclear energy is supposed to play a stopgap role, once again in keeping with a so-called "residual requirement theory" again deriving from political considerations.

But does this mean that all questions have been thoroughly covered in this fashion? Hardly, because the really important detail questions begin at this point.

What effects, for example, will the coal priority policy in electric power supply have on the equally raised demand--and necessity--regarding the replacement of mineral oil and natural gas in medium-range and long-range terms?

Is there reason to fear a new "imported coal priority policy" in order to be able to meet this requirement likewise?

And who is to define how the residual requirement is to be met by means of nuclear energy?

Brokdorf might already be more than just a "residual requirement" for Hamburg. But does this also apply to the FRG? And those people who translate the term "residual requirement" only with the term "additional growth requirement" and who thus make the share of nuclear energy exclusively dependent on the anticipated additional current requirement, must allow themselves to be asked the question as to how this definition can be reconciled with the demand for pushing oil and gas out of the power plant sector.

Last but not least: Should we not rethink the role distribution of coal and nuclear energy if we keep in mind the drastic deterioration of power output balance sheets regarding foreign countries, especially in dealing with the OPEC countries?

In the following we want to take up these important questions in somewhat greater detail. Our goal here is not to develop another quantitative model for the individual coverage contributions from these two energy sources. Here we already have numerous, well-documented statements, such as, for example, the report from the investigation commission for the reputable economic research institute. The third continuation of the federal government's energy program--which is currently still being worked on--will presumably not be able to come up with any quantitative statement that would deviate considerably on that aspect.

The emphasis in the statements instead is to show which social, political, and technical prerequisites must be created so that

Coal can play the role assigned to it in connection with oil substitution in an optimum fashion,

And so that nuclear energy will be in a position to cover at least the "residual requirement"--no matter how it may be defined.

#### Coal in Energy Policy

The contract concluded last year for the use of hard coal in electric power generation provides for a gradual increase in the domestic hard coal quantities used for power generation from the earlier figure of 33 million tons per year to as much as 47.5 million tons in 1955; it created clear planning foundations both for the EVU [Enterprises Covered by Electric Power Decree] and for the mining industry. The policy of assigning priority to coal thus has been executed not only "in purely legal terms."

The invitation to make sure that it will now also be rapidly implemented of course is incomprehensible and must be resolutely rejected if the idea behind it is that the EVU would only sign the legal contracts without the firm determination to stick to the obligations undertaken in those contracts and to translate them into concrete planning efforts.

The invitation on the other hand must be emphatically supported if it means that one must now at last also launch the necessary legal and legislative measures in order to reduce the investment risks and legal uncertainties which also exist in the coal industry. The EVU will then--as has been proven often enough in the past--be in a position on their own responsibility and without political pressure to develop those hard coal power plants in an optimum fashion which will be necessary to turn the new quantities of coal into electric current.

The new, contracturally stipulated quantities for the use of coal in electric power generation provide the long-term contractual backup for about 50 percent of the domestic hard coal mining capacity. The electric power industry thus decisively contributes to backing up our domestic hard coal mining industry and protecting the jobs existing there. Converted in terms of the contract's running time of 15 years, the quantities of coal to be used for electric power generation will be increased by 1 million tons per year. But with these annual increments we can cover only an electric current growth rate of about 1 percent per year.

We will however in the future also have to expect an electric current growth rate which, in long-term trends, will be definitely above 1 percent. The use of imported coal--which as we know will cost us foreign exchange--does not change anything on the fact that, without the increased use of other energy sources, there will be shortages in electric current supply.

If we almost completely cover all of our domestic hard coal output in our planning we find that simultaneously--and this is something we must see quite clearly--the leeway for action alternatives, aimed at the desired and necessary substitution of mineral oil, will at least be restricted through domestic hard coal.

The most recent controversial discussion between the state governments of North Rhine-Westphalia, Lower Saxony, and Baden-Wuerttemberg, concerning the limitations of the coal priority policy, showed that we have reached a limit not only on that point but quite obviously also in the subsidizing of coal. This controversy between the federal states is mentioned here only because it clearly brings out one basic problem of our current situation.

While in almost all energy-policy speeches and discussion remarks the global aspect of the energy supply problem complex is being stressed and while there is talk of the need for international cooperation and joint problem solving strategies, we obviously are still not able, in our own country, to launch a uniform and coordinated national energy policy. That applies not only to coal policy but also to nuclear energy policy. For example, one cannot simply downgrade Brokdorf to the status of a problem that must be decided on the regional level! In other words, here again, we must have a coordinated energy policy.

#### Reciprocal Interaction Between Coal and Nuclear Energy

An energy policy designed in this fashion must also come up with clear statements as to the significance of coal refining and must show what the next step is going to be like. For example, it is necessary to point up concrete solution possibilities as to how the direct connection between brown coal refining and the further expansion of nuclear energy is supposed to be tackled. Brown coal extraction



cannot be increased in any major degree any longer. But so long as the expansion of nuclear energy is delayed and so long as there are no substitute plants based on nuclear energy, which would be available for the necessary reduction of the brown-coal power plants used to supply the basic load, so long will it be possible to make available for brown coal refining only those quantities which are absolutely required to test the newly developed refining techniques.

In connection with coal refining it must also be brought out clearly when--if at all--the much-talked-about interconnection of coal and nuclear energy in combination with the HTR can make a decisive contribution to the mitigation of our situation.

A series of EVU are currently together with Ruhrkohle AG [Incorporated] and Ruhrgas AG, in a study promoted by the BMFT [Federal Ministry of Research and Technology], are trying to find out whether and under what conditions a commercial HTR [high-temperature reactor] can be designed and built. Only after we have the results of this study, can we come up with a decision as to the further pursuit of the HTR construction line. It is also to be hoped that the HTR conference, announced for this year by NRW [North Rhine-Westphalia] economy minister R. Jochimsen, will supply clear information as to the future of this reactor line. One thing however can be said already today: The HTR can only make a very limited contribution to the solution of our energy supply problems during the next two decades which will bring the final decision on that score.

In connection with the discussion on coal refinement and on the future of the HTR, one often cannot help but get the impression that many people, in bringing up these topics, are publicly trying to document that they already have a concept ready for the time after oil; in reality however they only want to divert us from the urgent problems of the next several years by coming out with these long-term concepts and possibilities. For example, we do not get a satisfactory answer to the question as to how, during the next several years already, we can assure the financing of such projects. After all, some coal refining projects are in danger already today on account of considerable financing difficulties. And that applies not only here: The future of the SNR--300 in Kalkar, for example, is still uncertain because of considerable additional financial burdens.

These examples make another, basic problem quite clear: The more expensive and cost-intensive the already existing energy system is, the more difficult will it be to finance new energy systems which are urgently necessary for the reorganization of our energy industry.

This means that the rising transfer payments for energy imports made to the OPEC countries will not only cause a dramatic deterioration in our balance of payments with foreign countries and threaten not only our living standard, but will also delay the reorganization of our energy supply system because the capital outflow first of all will reduce the potential financing volume in our own country for new energy investments. The money which today must be spent in addition for the same energy service will then be missing when it comes to building up new supply structures. The efficiency of our national economy in making capital available



for the use of new energy systems therefore must not be reduced in addition to the primary energy price rises, which we cannot influence, through long-drawn-out licensing and construction time for cheaper power plants and due to fruitless strategy discussions.

The construction and licensing times for conventional power plants today have doubled when compared to the early seventies. The cause of this resides essentially in the still uncertain legal situation connected with the construction of new power plants. More investment security and the faster processing of power plant projects --for example, through the creation of more legal security--therefore is a demand which the electric power industry has raised for quite some time.

For example, the amendment of the BImSchG (Federal Immission Protection Law), the TA-Luft (Technical Guidelines for Air) and the introduction of the Big Furnace Decree have for quite some time now hardly ever been taken up by the federal government and the state governments. The progress of planned changes in environmental protection legislation therefore cannot be estimated at this time. Nevertheless, the fulfillment of several tighter requirements in the decree or regulation drafts is being demanded even now in part for licensing procedures currently under way.

On the basis of this situation, delays have already arisen in licensing proceedings and such delays cannot be ruled out in the future because the licensing authorities and applicants possibly cannot agree or can agree only after lengthy negotiations regarding environmental protection requirements on account of differing interpretations of the regulations existing in draft form as well as the contrary judgment of the state of science and technology. So long as the licensing authorities come out with tighter requirements, compared to the applicable regulations, in this fashion, and so long as they anticipate what the legislative branch should actually be doing, so long will the applicant's risk be hardly calculable.

If, for example, the Guidelines for Air and the Guidelines for Noise were to be spelled out in terms of a law in the Federal Immission Protection Law, then there would be a certain amount of relief at least in these sectors and that would also make it possible to prevent a situation where energy-policy and environmental-policy decisions are being shifted to the courts even more so than has been the case so far. Only if the legislative branch also helps improve the current situation can coal accomplish its task in electric power supply in an optimum fashion.

#### Output Balance Sheet Problem Complex

With a figure of about DM20 billion, the FRG in the meantime has the biggest deficit among all western industrial nations. There have been very many calculations and considerations recently as to how this problem could be defused or perhaps even solved. The possible contribution from nuclear energy is particularly hotly disputed. In the analysis of our by now chronic output balance deficit there are however hardly any controversial opinions. The weekly magazine DER SPIEGEL for example in a very worth-while article on this problem complex arrives at the following conclusion (DER SPIEGEL, No 51, 1980):

"The output balance deficit is structurally (conditioned). The output balance can be restored consequently only through a tight energy policy. The countervalue

of the household heating oil consumed in Germany alone pretty accurately corresponds to the level of the deficit in the output balance sheet. If West German citizens do not want to go without imports--which often make the cost of living cheaper--and if he does not want to forget about travel abroad, then the only thing left for him is to cut back energy imports roughly by the volume of our chronic output balance deficit."

So far so good and we are in agreement up to this point. But opinions still differ regarding the question as to how this cutback can be achieved, in other words, the strategy to be pursued. The author of the article in DER SPIEGEL offers the following strategy:

"Building nuclear power plants--which, by the way, consume imported uranium--will not do the trick because they will not supply electric current until the end of the eighties. Until that time, the output balance sheet deficit must have been eliminated. The 'away from oil policy' will become successful only through investment in energy-saving techniques all the way to heat insulation in private homes and to cutting the gasoline consumption of automobiles in half. This savings potential has even been proposed by the oil industry at about 40 percent."

There is no use in figuring out at this point who should get the by no means negligible "credit" for the fact that the substitution potential of nuclear energy is so relatively poor due to the numerous delays in plant commissioning in the FRG today and probably also until the end of the eighties. But what is much worse is that here, precisely, one thing is again and again recommended as solution--although only with reversed sign--in the form of something which the electric power industry (or, worse than that, the so-called "atomic lobby") is still being charged with, that is, the idea of betting on a onesidedly oriented strategy. Here it is only the strategy of energy saving while there we have the strategy of sole substitution through nuclear energy. But as it happens so often in real life, the truth, that is to say, the correct strategy, is somewhere in the middle. What we need is a mix of energy savings with a mixed strategy of meaningful energy saving, on the one hand, and expansion and diversification of the supply, on the other hand! Even if we assume the improbable and if we start with the idea that the savings potential given by DER SPIEGEL indeed can be attained within 10 years, and even if we do not ask a second, critical question, as to how it should be possible, for example, to convert the entire German motor pool within a few years in such a manner that our gasoline consumption will be cut by a total of 50 percent, even if we consider all that, then we find that savings measures alone will not help us get any further. In view of the fact that oil and gas are nearing their end as energy sources, our energy supply must in long-range terms be switched to a new primary energy base. Here, savings measures and the more efficient handling of energy can only help regain valuable time lost in connection with the necessary reorganization. The actual reorganization process leading to other energy sources however remains yet to be tackled.

#### Possible Contributions From Nuclear Energy

If we take a realistic look and if we analyze all possibilities available to us, then nuclear energy, along with coal, represents the only tested and available

energy source which is in a position to make a contribution to the implementation of the "away from oil" policy not only in quantitative terms but which can also contribute to the reduction of our output balance deficit. This is true also even though the article in DER SPIEGEL obviously is supposed to suggest something else with a reference to the fact that we would depend on uranium imports. This brings us to the decisive difference--and this is something which the editors of DER SPIEGEL should have found out in the meantime--to the effect that, in dealing with nuclear energy, a uranium import quantity worth DM1 will suffice to supply the same utility energy as a mineral oil volume for which we would have to pay about DM48 in foreign exchange to foreign countries, based on current prices. Here we even assume that uranium enrichment and reprocessing will be taken care of domestically. But even if enrichment and reprocessing were to have to be accomplished abroad, we could still supply ten times as much utility energy for a certain amount of foreign exchange if we were to use current from nuclear energy instead of current from mineral oil.

In this way, purely mathematically, the nuclear power plants under construction in the FRG today could, with an output of 12,630 Mw, replace more than 30 million tons SKE [hard coal units] of mineral oil, in addition, which means that, according to present-day money values, we would be able to save annually more than DM10 billion in foreign exchange payments. And that is true even if we have low electric current growth rates or no growth at all. The argument that, for example, the nuclear power plants under construction or on the drawing boards will no longer be needed in the previously assumed degree on account of the changes in requirements development which have taken place in the meantime, is at the very latest inapplicable if one tries to translate into action the demand raised in the federal chancellor's government declaration for the replacement of oil and gas in electric power supply.

Basically, the erection of new power plant capacities may be necessary for output reasons and for aging reasons. First of all, in order to be able to meet the growing current requirements and, besides, in order, for example, also to be able to replace old hard coal blocks with new, primary-energy-saving and environmentally safer blocks. But if now, in addition, we are to meet the requirement for replacing oil and gas in the power plant sector, a requirement which makes sense in energy industry terms--because both of these energy sources can here be replaced considerably faster and better and for example can be used more efficiently, that is to say, with greater utilization factors on the heat market--then the construction of new power plants may become necessary in addition to that because of the change in the electric current generation structure which would then have to be made. It is of course quite understandable that oil and gas can be replaced in the power plant sector only if the utilization of existing oil and gas power plants is cut back by, for example, increasingly pushing the gas blocks, which today are partly still being operated at basic load, increasingly into the top load range.

The generation of the resultant shortfall quantities of electric energy however then will necessitate the construction of new power plant capacities, this time independently of the increase in the electric current requirements. This additional construction requirement is essentially feasible only on the basis of nuclear power plants. First of all, because--as we explained earlier--coal, looking

at it already in purely quantitative terms, is not in a position to meet the entire need. And, besides, because the additional requirement of power plant capacity, arising from the change in the electric current generation structure, essentially must be added through additional facilities handling the basic load.

This strategy is already something quite natural in France. There, nuclear energy is not only being expanded in order to meet the rising current requirements but also above all in order to push oil and gas out of the power plant sector and to replace it with cheap nuclear energy in the basic load range.

In the FRG, we could in this fashion, with the help of five nuclear power plant blocks, which, at present-day price levels, represent an investment volume of about DM15 billion, reduce the current utilization of gas power plants in the amount of about 5,000 hours per year to a figure of 1,000 hours per year. This gas, which would thus be released in electric power generation, could then be additionally made available for the heat market and could replace about 10 million tons of oil. In this way however--as we showed already with the example of the foreign exchange burden for uranium or oil imports--we could improve our balance of payments to a by no means minor degree (foreign exchange savings of about DM5 billion per year).

This effect today, in terms of the national economy, seems at least as significant as the multiplying effect of the investments induced by the construction of power plants which is desirable in terms of the economy as a whole.

Many people have already forgotten and must be reminded that the share of oil in electric current generation in the FRG, amounting to only about 5 percent--something which makes us the envy of almost all industrial countries today--was achieved only because the available extra output, deriving from the reduced requirements increase, was used to replace oil. The utilization of the oil-fired power plants in 1973, in other words at the time of the first oil crisis, still came to about 5,000 hours, as compared to a figure of only about 1,000 hours today. And there is one more fact that must be recalled: Since the first oil price crisis in 1973, the generation of electric current from gas in the FRG has increased more than the generation of current from nuclear energy, specifically, in 1979 as compared to 1973, by about 34 TWh for gas and 30.5 TWh for nuclear energy.

This shows us how dramatically developments in the primary energy sector have changed because today--after the second oil price crisis, after which gas prices likewise rose enormously--there is an energy-policy necessity to push gas, just like oil, out of the power plant sector.

But that also clearly brings out the need for consistently using all available energy sources, including nuclear energy, so that, in this kind of development, one can avoid excessive dependence at the right time and so that the weights of the individual energy sources in electric current generation can at least be partly shifted. This is the only way we can keep the overall risk of energy supply within limits and this is the only way we can preserve or restore our industry's international competitive capability.



## What Inhibits Nuclear Energy Utilization?

What however has to be done so that nuclear energy will be able to make its important contribution to securing our energy supply and to preserving our competitive capability? Today we face three main problems which must be solved, first of all, through even more objective publicity work and, besides, also through policy decisions:

1. The solution of the acceptance problem complex regarding nuclear energy;
2. The long-term guarantee of waste disposal through the construction of the necessary waste disposal facilities;
3. The reduction of the investment risk by tightening up licensing procedures.

According to public opinion surveys, the population's acceptance of nuclear energy has gone up in recent times. A broad majority among the population accordingly considers the construction of additional nuclear power plants necessary to secure our energy supply. The most recent events at the Brokdorf nuclear power plant however show that, in spite of this growing approval, there are still individual groups among the population who reject nuclear energy. Here, everybody--engineers and politicians--are called upon with expert knowledge and persistence to continue the laborious but necessary publicity work so that we may achieve an even broader consensus on this important issue. But we must not entertain the illusion of being able to achieve almost 100-percent agreement among all population segments.

A democratic community lives on majority decisions and acceptable compromises. One should of course always try to achieve unity on important political issues but that is the great exception. We may therefore be permitted the question as to how large a majority has to be--in view of the enormous problems facing our energy supply situation--in order to be considered an adequately broad base for the presently necessary policy decisions. We are also responsible for the "failure to make decisions"--regardless of what the reason might have been. Here there is no guarantee that they might not inflict even greater damage upon our democracy in long-range terms because our future action leeway will be increasingly restricted due to them.

For example, we must no longer postpone decisions, regarding the construction of reprocessing plants and intermediate storage facilities, which are urgently necessary to solve the waste disposal problem. The necessary waste disposal techniques have been technically developed so far--although many people maintain the exact opposite--and are now available so that they could be quickly implemented without any objections in terms of safety engineering and without any objections to large-scale technological implementation. The thing we still do not have is the expression of this effort in the form of an acceptable political concept. Here again, we do not need any "snazzy political decisions." The decision to carry out the waste disposal procedure was made already earlier when we got into nuclear energy in the first place. Today, we need decisions and above all a determination in order immediately to implement these activities even if we would in the future drop the idea of expanding nuclear energy further. Hopeful beginnings aimed at



making headway on this decisive issue can be recognized recently in the federal state of Hesse where a reprocessing plant is to be built.

Another problem--which, in the final analysis, must be solved on the political level--is the urgently necessary tightening-up of licensing procedures for nuclear power plants. Licensing and construction times for LWR, which now come to 10-11 years, represent an investment risk which is barely tolerable. The situation is particularly serious for the fast breeder reactor, the SNR-300 in Kalkar, which, the way it looks today, can be connected into the grid at the earliest in 1986.

A total time span of at least 15 years would then have been needed for the licensing and completion of this prototype power plant. In contrast to that, France during that span of time not only erected the Phenix breeder prototype (250 Mw) but also placed it in operation since 1974 without any major trouble and with a high average availability (1979: 85 percent). During that time span they will presumably complete the commercial tie-in project involving the Super-Phenix (1,200 Mw) by 1984 and it will then be delivering current already for several years even before the SNR-300 can at all be connected into the grid.

There is therefore no denying today that the current situation in the FRG is highly unsatisfactory and that a reform or a tightening up of the licensing procedures and the attendant reduction of the investment risks represent a basic requirement for the further construction of nuclear power plants. Proposals, as to how this can be done even without long-drawn-out amendments in existing laws, have been available for quite some time. Here we might only mention the so-called "80 Construction Line" where the nuclear power plant planning phase was considerably tightened up through consistent parts standardization and through rationalization in the inspection and approval procedure so that it was possible to hold the cost escalation down.

Which of the numerous proposals will be implemented in the end is, in the final analysis, a question of practicability and pragmatic procedure. The main problem in all of these efforts however does not reside in the absence of improvement proposals or in missing concepts but rather in the effort to find a politically feasible way to translate these proposals into action.

#### Consequences for the National Economy

The coal priority policy and the nuclear energy residual requirements theory sprang up and were implemented at a time when the problems connected with the output balance sheet were not as clearly visible as yet in the FRG. At that time we were able to keep track of their negative effects only as remote observers of what was going on in the developing countries. Just how relatively recently we had to face this problem is shown by the fact that the report of the "Future Energy Policy" Inquiry Commission does not contain any considerations regarding the economy of individual energy sources and does not cover the effects of energy prices on the national economy and on international trade. But today--2 years after the second oil price crisis--the output balance sheet problem itself hits us with full force. We must now make the painful experience that we cannot continue to live above our means.

Rising oil prices and declining competitive capability of German industry on the world markets are the main features of our situation today. We can do only something limited in coping with rising oil prices. A 10-percent oil consumption reduction in 1980 of course is to be welcomed and it is a step in the right direction; but what good is that, in overall national economy terms, if at the same time, within the span of a year, the crude oil price goes up by an average of 63 percent and thus causes our output balance deficit to be more than doubled? In this situation we must above all also preserve or further improve the competitive capability of our industry which depends on exports. The supply of cheap energy today therefore, looking at the national economy as a whole, plays an every more important role. We therefore must not repeat the mistakes of the past or continue them and we must not lose even more time. The solution to our energy supply problems and thus also to our output balance sheet problems will come off only if we consistently use all suitable means and instruments. In other words, the entire spectrum from energy saving via meaningful expansion of long-distance heat supply all the way to the increased utilization of coal and nuclear energy must be fully utilized.

The contribution which the electric power industry can make to the solution of these problems was illustrated with the help of individual examples, such as, the replacement of gas from the power plant sector which would make sense in terms of the energy industry as a whole.

Detailed studies, such as the VDEW [Association of German Electric Power Plants] Study entitled "Heat 2000" prove what a great contribution electric current, for example, can also make on the heat market to the implementation of the "away from oil" policy and thus also to relieving the burden on our output balance sheet. But that can be accomplished only if coal and nuclear energy can play their future role in electric power supply in an optimum fashion.

The propagated "courage for the future" must therefore also be referred to as "courage for action!"

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## SOVIETS CUT NATURAL GAS PRICE IN BID TO SELL TO WEST

Copenhagen INFORMATION in Danish 22 Sep 81 p 3

[Article by Risto Maenpaa]

[Text] The Soviet Union has had serious problems selling gas to Western Europe long before the question of gigantic projects with a gas pipeline into Central Europe came up.

A 10-year old exchange agreement with Finland, the closest neighbor of the Soviet Union in the West has been such a failure that the Russians last month agreed to big price reductions, reportedly ranging up to 20 percent.

Energy specialists state, however, that Finnish industries are still dependent on low-cost coal, which mainly comes from Great Britain and the United States. They add that even with the non-published Soviet price production, the gas is still too expensive.

"The fact is that the price of Soviet natural gas has been far too high," says the spokesman for the Finnish state-owned oil company, Helena Haapalinna. "The price has been tied too closely to that of crude oil."

Under the 20-year exchange agreement which will expire in 1991, Finland pays the Soviet Union with finished goods, ranging from shoes, clothing, toilet paper, and furniture to specially-built icebreakers.

The prices of the Finnish goods are fixed in U.S. dollars, and the upswing of the dollar this past summer has raised the already high cost of natural gas to a price which is 10 percent above that of crude oil, while energy from coal costs the Finns only half the amount of energy from oil.

That is, indeed, a conspicuous difference.

## Prefers Coal

Even if natural gas is purer and easier to use than coal, Finnish industry has referred to the difference in price to counter the endeavors of the state-owned oil company, NESTE, to sell the gas. It is pointed out that

pollution is less of a problem in largely undeveloped Finland compared with most other European countries, and that the big industrial enterprises are situated along the coast where they have easy access to coal supplies.

The Soviet-Finnish agreement predicts a consumption of natural gas of 1.4 million cubic meters in Finland this year. The most recent evaluations indicate that the consumption will hardly reach 800,000 cubic meters. Last year's quota was of 1.1 million cubic meters, but the actual consumption amounted to only 925,000 cubic meters.

The Russians have built the main pipeline, which is 125 kilometers long and reaches the Finnish town of Kouvola. The costs have been 200 million Finnish marks, or 44.5 million dollars. The gas started flowing in 1974.

The gas pipeline has a capacity of 4 million cubic meters annually, but NESTE says that it has no new customers in its order book.

The gas pipeline which is to be led to Europe and the cost of which is now estimated to go far beyond the estimated cost of 14 billion dollars, will be pumping 40 billion cubic meters of gas annually from Siberia to West Germany, Italy, France, Holland, Belgium and Austria.

Experts in the West expect Soviet profits to drop to 10 billion dollars compared with the once predicted 15-19 billion dollars. Delays in the signing of the contract delayed the project at least 1 year. The project was scheduled to have started in the mid-eighties.

#### Soviet Union Reliable

Two-thirds of the Finnish oil consumption comes from the Soviet Union, and the country's heavy dependence on this neighbor has made some Finns nervous.

NESTE says that the Russians have been reliable suppliers. But apart from the aspect of reliability, "it is also a question of being able to sell gas at the right price."

NESTE says that the only possibility of increasing the consumption of natural gas in Finland is to resell the gas to the neighboring country of Sweden. Negotiations between the two countries are in progress.

Juha Vainikka, an engineer of the main control station at Kouvola, says that the capacity of the gas pipeline "is large enough for both Finland and Sweden. I am sure that it is also in the interest of the Soviet Union to keep the gas flowing."

An extension of the pipeline to southern Finland may attract new customers, he says. But the cost is, undeniably, a handicap: 750 million dollars.

## PROFESSOR ON MECHANISM, CONSEQUENCES OF WAGE, PRICE INDEX

Brussels LE SOIR in French 15 Sep 81 pp 1, 7

[Article by Etienne-Sadi Kirschen, Professor at Brussels Free University: "Indexing and the Battle for Income"]

[Text] Should we do away with indexing? Prof Etienne-Sadi Kirschen, of Brussels University, is providing a qualified and well-documented answer to this question. Today's "Carte blanche" is by him; it is supported with figures and calculations and may appear somewhat difficult on a first reading. But no one can question the relevance of the information it contributes to this fall's most important political debate.

In a way, it is a logical--and scientific--conclusion to the series of articles which we have devoted to indexing (September 2-5).

The indexing of most household incomes is characteristic of the Belgian socioeconomic system; it began some 60 years ago; it has a period of at least one year, and will occasionally drop to less than a quarter. It has multiple and restrictive effects (the importance of which, however, is sometimes overestimated) on the objectives of our economic policy--especially the struggle against inflation, the balance of trade and the distribution of income; it also affects the implementation of several means of our economic policy--especially the rate of exchange.

In this article, we shall restrict ourselves to the most direct consequences of indexing, those which affect the battle for income distribution waged by the various socioprofessional categories which form the country's population; we shall not consider the income retained by the enterprises for themselves.

The figures which follow are for 1977 (the latest available figures for our purpose). Assuming constant prices, that year saw an increase in the available income of individuals (i.e. the pie for which the various groups are fighting) amounting to 1.7 percent per capita, a positive although relatively modest amount (at that rate, the pie would take 40 years to double in size, compared with 18 years between 1953 and 1977); since the retail price index increased by 7.1 percent in 1977, the nominal available per capita income (at current prices) progressed by  $1.7 + 7.1$ , i.e. by 8.8 percent. All things considered, 1977 can be said to be typical of the



period 1975-1980. We should add that the per capita increase in national production (2.5 percent) was slightly higher than the increase in income; the .8 percent difference was offset by a deterioration of exchange conditions for Belgium: the cost of its importations (especially that of oil) rose faster than that of its exportations.

The total pie to be shared among all households amounted to 2,944 billion francs before the payment of 418 billion francs of direct taxes, which left 2,526 billion francs available for household consumption and savings.\*

We propose to consider how indexing affects the available income obtained by members of the various categories to remunerate either their labor or their capital, or as a substitution or complementary income allotted by the State or by Social Security to nearly everybody in the country.

\* \* \*

As far as indexing is concerned, Belgian citizens fall into one of three categories.

The largest category (89 percent of households) and the most significant if one considers its income (75.2 percent, i.e. approximately three fourths of the total) benefits from an indexing in steps of 1 to 2.5 percent\*\* whenever the index exceeds a threshold value which varies with the collective labor agreements (between employed workers and their private or public employers) or with the legal and administrative provisions determining the amounts allotted as substitution or complementary income.

Income from labor, after deduction of social security taxes, represents approximately half the total income, and is distributed among 54 percent of the households; for substitution and complementary income, the figures are respectively 15 and 10 percent (note, however, that the pensions paid by some enterprises are not, or not fully, indexed).

As for the second category (4.7 percent of the total available for household income), its income is indexed annually, in fact rather than by right. This particular category includes :

- farmers: the income they derive from their labor is tied to sales price negotiations between the ministers of agriculture of EEC member countries; as a rule, the solutions arrived at take into account the rise in production costs (there is always an election in the offing in one or the other of these countries);

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\* Due to inflation, direct taxes are becoming heavier each year, especially for executives and certain self-employed workers: assuming a constant actual income, all but the poorest taxpayers will see their income move into higher income-taxation brackets. This serious problem is not discussed here since it is not particular to Belgium.

\*\* Let us add that the figures which follow are based on our national accounts and have been adjusted to reflect tax evasion and the underestimations resulting from generous lump taxation settlements obtained by certain taxpayers.

- the medical professions who renew each year their collective agreements with mutual benefit insurance companies and with the government (these two groups together account for slightly less than 2.5 percent of the households);

- rent income from real estate (especially housing and land), the indexing of which is authorized each year by the legislature.

The third category (20.1 percent, i.e. approximately one fifth of the available household income) is hardly even concerned by retail price indexing; it includes:

- the income derived from their labor by self-employed workers other than farmers and the medical professions (10.3 percent of the total available household income, and 9 percent of the households); these are essentially merchants and craftsmen whose income depends on the markets on which they buy, at the least possible cost, their raw materials, the labor they need and the products they distribute, and on which they sell their goods and services for as much as the traffic will bear;

- income from personal property (9.8 percent of the total household income) which breaks down into: (1) income from stocks which used to be, but no longer are, protected against inflation by the rise of stock exchange prices; (2) income from sight deposits and old bonds, which is strongly negative in real terms; (3) income from recent bonds, better protected by higher interest rates.\*

The households of the third category often enjoy a higher income than those of the other two, but they also include a large number of retired and relatively poor people and of small merchants.

Still in 1977, the pie to be shared by the various groups increased, as we have seen, by 1.7 percent in actual terms (constant prices) and by 8.8 percent outwardly (current prices). Indexing had the effect of protecting our first two income categories (who receive four fifths of the total available household income) against a decline in their actual income such as might have resulted from inflation; this of course will not prevent some of them from losing out, either because of full or partial unemployment (workers mainly), or bad weather (farmers), or age and sickness (anybody).

Once the benefits of indexing have been distributed, the battle for the balance of the available income takes other forms, e.g.:

- bilateral negotiations between special interest groups (employers, the State as an employer, private-sector unions, public-sector unions, medical federations, and mutual benefit insurance companies to name only a few); these are often supported by political parties;

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\* For more information on income and capital evolution in real terms, see: Praet, P.: "Capital gains as an extension of income; distribution among socioprofessional groups," CAHIERS ECONOMIQUES DE BRUXELLES, No 87, 1980.

- multiple pressures on the State on the part of nearly all special interest groups, often backed by political parties, to pay less direct and social security taxes and to obtain subsidies (private and public enterprises operating in the red) or income transfers (social security recipients);

- accessorially, practices designed to restrict the access to certain professions, and some recourse to violence.

In this battle, the income recipients of our third category (most self-employed workers and the owners of personal property) have known victory and defeat; for them, what is at stake is not only to increase their actual income, but also to prevent its decline as a result of inflation; should they lose (as they did from 1971 to 1976, among other years), it could be considered to be in return for their desire for independence and their hope to enrich themselves.

Let us draw a balance for 1977:

- the available income to be distributed increased nominally by 8.8 percent;

- since, anyway, the more or less automatic indexing of the first two categories' income preserved their share of 80 percent of the total, and since the price increases amounted to 7.1 percent, we arrive at  $.80 \times 7.1$  percent, i.e. 5.7 percent;

- therefore, there remained only  $8.8 - 5.7$ , i.e. 3.1 percent to fight for.

In other countries (let us say, in Germany), the battle would have been for all of the 8.8 percent and would have taken a harsher character, since each category would have tried not to lose out. In 1977, the Belgian indexing system was not perfect, but neither is any socioeconomic institution.

In 1982, we can envision three exceptional situations:

- a considerable increase of certain indirect taxes (value-added tax or excise duties), decided by the Belgian government in an attempt to reduce the budget deficit or to discourage energy, alcohol or tobacco consumption;

- a considerable deterioration of exchange conditions for Belgium as a result of the oil cartel's decision to increase its prices;

- a decrease in the actual income of Belgian households, an assumption which is not unlikely at all if one considers the depletion of foreign currency reserves and the bottomless pit of our public finances.

In all three cases, if 80 percent of the revenues are protected by indexing and, therefore, can evade the drastic reduction decided by the government or suffered by the population, the full weight of the adjustment will fall on the 20 percent of our last category, whose income is not indexed. For instance, a 2 percent decline in the total available income will result, arithmetically, in a decline of  $2 \div .20 = 10$  percent of this category's income; this decline could be still more brutal if certain other socioprofessional groups managed to wrest actual increases for themselves.

One of two things could then happen:

- either the non-indexed category would find other means to protect its former income, and this could only result in an acceleration of inflation since all would want at least to preserve their share of a shrinking pie;
- or the members of this category would be unable to protect themselves; this would result in considerable social tensions, numerous bankruptcies, the closing out of enterprises, a renewed increase in unemployment, a decline in the stock market prices of Belgian stocks, and extreme poverty for low-income households. Just as in South America, should economic circumstances worsen, these phenomena would also bring about an acceleration of inflation and new social and economic disturbances which would be hard to bear for an already weakened economy.

In conclusion, the Belgian system of indexing the vast majority of incomes, which acts as a peacemaker whenever the total available income is increasing in real terms, could turn into an important factor of economic disturbances and political discord if, given exceptional circumstances, it were preserved as it is now; it is impossible for a large fraction of the revenues or of the population to escape a common peril.

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## CYPRUS BECOMES BUSINESS CENTER

Nicosia THE CYPRUS WEEKLY in English 18-24 Sep 81 p 8

[Text]

Cyprus should eventually become an 'international production, trading and banking centre', Finance Minister Atxentis Atxentiou has said.

In a radio and TV broadcast outlining the government's new five-year Economic Action Plan, covering the years 1982-86, the Minister gave the strongest hint yet that Cyprus aspires to become the business centre of the Eastern Mediterranean.

He stressed the importance of the export promotion effort for achieving sustained growth, and said the island could also develop other forms of money-earning services, such as transit trade, insurance and banking services and professional services.

## Results

'This is something which is desired and will be vigorously pursued', he said, adding: 'Cyprus should gradually be turned into a international production, trading and banking centre'.

Mr Atxentiou said the island's economic development in the last few years had relied on the strong demand from overseas, the high performance of both agricultural and industrial exports and on tourism.

He noted that the previous three emergency economic action plans (of two years duration each) had produced positive results and had helped to ease the problems created by the 1974 invasion.

A satisfactory growth rate had been achieved under conditions of full employment while the value of the Cyprus currency had been maintained at satisfactory levels.

## Objectives

But there were also 'unpleasant' situations, such as the tendency for over-consumption, accelerated inflation, increase of incomes 'beyond the endurance of the economy', a slow-down in investments and a marginal increase in the number of unemployed.

'It must be realised that the economy can no longer tolerate the phenomenon observed in recent years — an increase of incomes beyond the productivity rate', he declared.

Among the objectives of the new Plan (now being worked out by the Planning Bureau) are: improving productivity, encouraging savings and investments, curbing over-consumption, encouraging the use of local raw materials, and improving the quality of Cyprus products destined for export.

## Economic front

Efforts will continue to get agreement on a commonly accepted prices and incomes policy, while an energysaving campaign will be given top priority. Fighting inflation and maintaining monetary stability will also be major aims.

'Our ultimate objective will be to build a strong economic front which will form the basis of Cyprus' political struggle for survival', Atxentiou declared.



## INDUSTRIAL PRODUCTION DROPS

Nicosia CYPRUS MAIL in English 20 Sep 81 p 1

[Text] **T**HE competitiveness of Cyprus manufacturing produce has been steadily falling and is expected to drop another 6 per cent during the current year because of wage increases in excess of productivity growth, according to a research by the Cyprus Employers' Federation.

The survey makes a comparison of the cost increases with a number of developed countries, among them USA, Great Britain, France, West Germany, Japan, and developing countries including Greece and Mexico.

The comparison has shown that during 1979 wage and salary increases in Cyprus rose by 27 per cent whereas for the 12 countries compared the average was 11.1 per cent and for most of them it was below 10 per cent.

In terms of real income the increase in Cyprus for people working in industry rose by 17.5 per cent whereas the average for the other countries compared was 16.2 percentage units. In other words the Cypriot industrial worker's income in real terms, that is his living standard, was better by 1.3 per cent, which is more or less the same in the other non-agricultural sectors.

The study also notes that the increase of real wages and salaries over productivity for 1979 was in the region of 13.8 percentage units which means that there has been material redistribution of national income in favour of the working people whereas in most countries compared, except the UK,

the increase of real wages was below the productivity growth rate.

The study shows, the Federation says, that the labour component of the production cost per product unit in Cyprus during 1979 was considerably higher than in any of the countries compared, as much as 15 percentage units.

In some of the countries, like Japan, there has been even lowering of the labour cost of production because of higher productivity compared to the money pay for work.

The index of competitiveness for Cypriot enterprises for the five year period 1975 to 1980 indicates lowering of competitiveness by 24 per cent compared to the average of seven countries comprised in the sample taken for comparative purposes.

Analysing the message emanated on the basis of the collective negotiations for the period 1980/81 compared to those of the other countries, it is found that the Cypriot enterprises will lose another 6 per cent in their competitiveness as regards the labour cost.

The Federation explains that it releases these facts for an objective realisation and study of the problems which the Cyprus economy is facing.

## FARMERS' COUNCIL PRESIDENT FORESEES AGRICULTURE CRISIS

Copenhagen BERLINGSKE AFTEN in Danish 14 Aug 81 p 3

[Article by Troels Aagaard: "Danish Agriculture Expects Polish Conditions"]

[Text] Why have things gone so far with Danish agriculture that the president of the Farmers' Council, H. O. A. Kjeldsen, a few years after agriculture was more optimistic than ever, now speaks of Polish-like conditions? What has happened, that one-third of the farmers are now on the edge of bankruptcy? It is explained in this article. In a subsequent article the perspectives for Danish agriculture in the 1980's are explored.

President H. O. A. Kjeldsen of the Farmers' Council expects a shortage of food, if recent developments in Danish agriculture continue. There is no economy in production, and the number of forced farm auctions is increasing swiftly. Farmers, their organizations and politicians disagree on how the problems of agriculture will be solved. The magic words in the debate are debt refinancing. Drastic intervention is necessary, but certainly must not include removing private ownership in agriculture, said Kjeldsen.

In a report from Aarhus University on developments in agriculture since 1945, one of the conclusions reads: "The existing structure of agriculture has developed without political planning--meaning that the market has a definite production character, and from a political standpoint nothing has been done except to support this mechanism with shortsighted support arrangements. Both in the 60's with support policies and in the 80's with interest guarantees and debt refinancing arrangements. There has been a tendency toward large, effective, specialized farming, in short more buildings, more pigs, bigger businesses. The simple countryman has not had influence on or comprehension of this development, but has simply been forced to pay attention to what is, at a given moment, the most profitable and cheapest investment.

## Freedom Failed

Today farmers are asking why they can not know what the government and the Folketing want them to do. All those with knowledge of Danish agriculture know that profound changes in agricultural policies are necessary. The economic structure in agriculture must be changed.

many emotional, historical, and political reasons for this. Even if agricultural capital today is down by only 15 percent. The rest is lost in a forest of harvest mortgages, feed debt, paying off contracts, foreign bankloans and credit company loans.

One can say that agricultural freedom has failed. And many farmers will gladly trade the illusion of freedom for greater security and better working conditions. The question is, in what form and what will it "cost" agriculture? There has been no answer in many years of agricultural policies.

This development which agriculture has experienced during the past 30 years has been the result of adjusting to stagnating sales markets and falling prices for agricultural goods, seen in relation to other products.

In the 60's there was a mechanization of farm labor, while in the 70's the trend was toward investment and rationalization instead.

Mechanization of farm work reduced the need for manpower in agriculture beginning in the 50's, and it was absorbed by growing industry. Then there was competition for manpower. Wages rose and caused further migration from the country to cities, which again required further mechanization, and so on.

One can say that Denmark's development to an industrial society progressed without the long-range position of agriculture being taken into account. The nation's change of emphasis from agriculture to industry was in large measure financed by agriculture. Agriculture's financing of industry stagnated in the beginning of the 50's, but it was true as recently as 1962 that agricultural exports were greater than industrial exports.

#### Help From Industry

Today President H. O. A. Kjeldsen of the Farmers' Council says that the Danish Industrial Association in return should help the hard-pressed agricultural sector. But certainly without setting the conditions for the help.

The mechanization of agriculture cost a lot of money. At the same time as wages and expenses rose more, farmers received less for their products. This caused farmers, beginning in the 60's, to get comprehensive support arrangements. One-third of agricultural income was government support in the 60's. The contributions were regarded as a transitional arrangement, until Denmark entered the EC. The dominant political goal in that period was to protect employment and avoid a deficit in balance of payments. The export of agricultural products had high priority, but a real development policy for agriculture was not created. Most of the support arrangements were to become unnecessary with the expected entry into the EC.

#### Expectations for EC

Expectations of agriculture for membership in EC were very high. Investments in the 70's were higher than ever--mainly in animal production. There was a widespread

belief that once in the EC we could sell all that we could produce. The government and the agricultural organizations urged the farmers to apply modern methods and increase production.

Investment in Danish agriculture in the 70's in many instances took place without security for those in production. Farmers mortgaged their farms over the rooftops in the expectation that continued increase in property values and increasing inflation would take care of the loans and interest. Farmers, advisors and creditors calculated on a deficit the first 3 to 5 years after setting up or expanding a business. The deficit could be covered by borrowing still more. But the accounts showed that based on recent years' development there would be economy in production after a number of years. Agriculture called it "investing in good faith." Until the beginning of 1979 prices for farming properties rose explosively.

Advantages of EC for Danish agriculture have been higher prices for products and a certain guarantee of being able to sell them. EC has established large stockpiles to stabilize prices of food. Generally food prices in EC are higher than on the world markets. In order that changes in currency values between countries would not disrupt agricultural prices they have introduced "green currency." If a country devaluates its currency, prices for the products it imports will increase. For example, consider food from Denmark. Here the EC provides support to hold the market share of the goods. If a country inflates its currency, EC puts fees on its imports. Both measures take place in order to stabilize food prices.

One can say that the market mechanism of free competition is removed from the picture, so that the individual farmer can produce freely and at the same time be sure of being able to sell his production.

This policy has meant that the large specialized and previously established farmers are doing best. After 1972 there was a marked increase in the number of specialized farmers with cattle, pigs or plant production. It became less risky to invest in one single product. Prior to membership in EC a general production gave the most stable economy.

In 1978 an English Labour Party politician said of the consequences of EC agricultural policies, "A complex of industrialized agriculture has grown up, which in many ways resembles the complex of the pharmaceutical industry. It is called 'modern' agriculture. Farmers in the entire common market are urged to produce quantities which are not needed, at a cost that neither the farmers nor the consumers can afford."

#### The Young Farmers Have a Dilemma

The expectations of agriculture did not come true. Property values stagnated, costs generally rose and prices of agricultural products rose less than expected.

For a farm established in the 70's, the time of making the investment was decisive.

Young, newly established farmers are in a pinch, as well as established farmers, who have invested much without at the same time greatly expanding production. Then there are the small farms with small production.

The Institute of Agricultural Economics has conducted an investigation of the differences of income in agriculture. The group with the highest income consists of large farmers with pure grain production (no animals) and large efficient specialized animal producers established before 1970.

Productivity and income for the farms which have economic problems today are large. But interest payments are so large that incomes are often negative.

Danish farmers believe that it is prices, costs and interest which are the causes of the crisis. "If we can just get some fair prices for our goods we can make it."

The problem of agricultural price relations first began to influence income late in the 70's and does not explain the problems many farmers have today.

Farmers' interest expenses in 1980 reached the same level as the combined investments in industry. But the increase in the farmers' interest payments is primarily blamed on the size of the newly established debt more than on the increase in interest rates.

The Arhus Report says that even though the rate of interest is set politically, the economic importance and political influence of agriculture is so small in comparison to before World War II that interest rates are not set in accordance with the needs of the farmers. Seen from the farmers' viewpoint, the interest problem is a problem caused from outside, but the interest problem can not be isolated from the economic model on which Danish agriculture is built.

#### Several Types

Danish agriculture has become less and less homogeneous during the 1970's. The Low Income Commission showed last year a clear tendency toward larger income opportunities within agriculture. Several types of farming with widely different interests and conditions have developed. There are generalized farms and farms which specialize in pigs, cattle or grain. There are well established, almost debt-free farms, and there are newly established farms with high interest payments.

H. O. A. Kjeldsen admits that farming has become more difficult to manage. The farmers find it harder to have a unified opinion on how to solve agricultural problems.

Some believe that mandatory auctions are inevitable, a necessary step in the further rationalization of agriculture, while others say that agriculture should be an occupation for everyone, not just for the rich.

Pressures on farmers organizations and politicians increased in 1980 to bring about crisis support in the form of debt refinancing and interest subsidy laws, in order to save the weakest farmers. These crisis laws were further strengthened in December 1980, and now one year later they are being renegotiated.

The farmers demand more for their goods. H. O. A. Kjeldsen believes that the majority of Danish farmers will be ready to pay more for food, in order to make



Danish farming independent. It is better that the consumers pay what food really costs than to give subsidies to farmers through taxes.

To the question of whether private ownership in Danish farming can continue to assure the needed capital in the future, Kjeldsen says that it is justified, and he will do all he can to protect the principle of private ownership. "There is nothing so effective and advantageous for society as private ownership, because with it farmers are prepared to struggle to survive. We will not have socialism introduced in agriculture."



Caption: Farmers' Council President H. O. A. Kjeldsen: "I believe that the majority of Danish farmers would prefer to pay more for food in order to save agriculture."

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## JORGENSEN SKEPTICAL REGARDING OECD, IMF ADVICE

Copenhagen BERLINGSKE AFTEN in Danish 14 Aug 81 p 6

[Article by Hilary Barnes: "What Three Economic Heavyweights Say: Economists in Agreement For Once"]

[Text] Economists are seldom very much in agreement. Now, however, there is a report from three of the world's economic heavyweights--The International Bank in Basel, The International Monetary Fund in Washington and the OECD in Paris. They are largely in agreement about what governments should do. Their combined formula is that after making allowance for inflation, a tight monetary and financial policy should be carried out, to which should be tied a comprehensive program for stimulating economic activity.

Prime Minister Anker Jorgensen is said to be almost allergic to experts, and after generals, economists are the ones of whom he is the most skeptical. And the prime minister is not the only one who does not have such great confidence in economists. It is a very widespread opinion that economists are in such disagreement among themselves that they can not be much help. The impression of disagreement is strengthened by conflicts at the highest international level between governments on the one side which are said to be "monetaristic," for example Great Britain and the United States, and the others on the other side.

A careful reading of three international reports on the world's economic problems, the annual report from the Bank of International Settlements, Basel (BIS, a sort of central bank for central banks in the 10 largest industrial countries), World Economic Outlook from The International Monetary Fund (IMF), and the semiannual Economic Outlook from OECD (Organization for Economic Cooperation and Development, whose members are 24 industrial countries, including Denmark), gives however the impression that there is rather much agreement among the professional economists of these three institutions on which policies governments should and should not follow.

Agreement is not total. The OECD report is especially marked by disagreement among its member countries' governments, where some governments, first and foremost the new French government, believe that the present economic stagnation can be broken by expanding demand, while most other countries believe that such a policy will only make the problems worse.

There is no disagreement as to the main task. Inflation must be fought, and a condition under which it can be fought with success is that the public expectation that inflation will continue or grow worse must be changed.

The government has been correct in giving the first priority to the fight against inflation, writes BIS. "Events in recent years have shown that none of the other problems in the present economic world--especially stagnation, unemployment and monetary instability--can be solved before inflation has been stopped. The steadfastness of authorities in the fight against inflation must gain confidence. When confidence is established, it will influence inflationary expectations, and there-with the development of prices and growth in nominal incomes."

But How?

It is sooner said than done, or said in another way: It is easier for OECD, IMF and BIS to give advice than it is for governments to carry it out.

The dilemma of governments was demonstrated in a statement from the OECD ministers in June, which is given in the OECD report. "Some ministers emphasized that an increase in demand in the short term could risk causing the efforts to bring down inflation to fail, inflationary expectations would increase and its growth would worsen. Others believed that without expanded demand there will be an increased risk of unemployment, protectionism, structural dislocation and weakening of investment and production."

But the ministers did not give each other much time for stimulating demand, as in the next session it was emphasized that "monetary and financial policies must be tangibly unyielding to inflation."

IMF is entirely in agreement with the latter. Control of demand has been a great disappointment, said the IMF, and it maintains that "if governments should weaken their demand-regulating policies and move against too early expansion, results could be very bad. The level of growth could improve for a year or two, but inflation will grow up again, and the result will be damaging domestically and internationally. Several years will be lost in the fight against inflation, and inflationary expectations will be all the more ingrown. If the national authorities go over to a policy of expansion, but do not shift into reverse again when inflation gains speed, the next few years will probably be marked by strong inflation and a serious economic retreat."

Not Money Policies Alone

The smoke from the debate between monetary and nonmonetary policies is enormous, but there are two conflicts today based on monetary policies--one on the possibilities of monetary policies in the fight against inflation, and the other on the international consequences of the high interest policies of the United States. But whatever one means by monetarism, none of the three reports indicate that monetary policies can be other than strict in a fight against inflation. A nonyielding monetary policy is, on the contrary, decisive.

Monetary policies alone, however, are not enough. "It can not be denied that it would be better if the governments had not relied mainly--or exclusively--on monetary policies," writes BIS, clearly addressing Mrs. Thatcher, the British prime minister.

A strict monetary policy will, whatever it causes through shortage of money or high interest rates, influence the total level of expenditures and thereby the economic activity. But, writes BIS, it is less certain how rapidly a monetary policy, unless it is supported by other actions, will influence prices. Prices and wages react only slowly to a climbing surplus on the supply side, also unemployment. So that prices can have influence in the longer range, an underemployment situation can be necessary for a long time, and the political and social consequences can be intolerable.

"Monetary actions must be strengthened primarily by a decline in the public sector debt. A deficit in the public sector will weaken confidence that the authorities really intend to carry out an anti-inflation policy," writes BIS.

IMF adds, "If the goal (decline in inflation) is to be reached, it is necessary that the amount of money be restrained, the budget deficit be reduced, plus perhaps a leveling between the public expenditures and the GNP."

#### Supplyside Economics

If the reader is getting the impression that the reports are only negative, that is wrong. Primarily, supplyside economics is in, and income economics gets a complementary word at the same time.

The reason why demand stimulation can not be used is that increased demand does not bring a corresponding increase in supply--meaning production and productivity--a development which is the same for almost all industrial countries except for Japan, which is of the same great importance for inflation as for wage and cost development.

The IMF report lists many supplyside obstacles for production and productivity in recent years.

Oil price increases have led to less energy-intensive production methods. A large dispersion of income in many countries to the advantage of the wage earners is the cause of a decline in investment in relation to GNP. A significant part of industrial investment in recent years has not been for the purpose of increasing productivity, but to improve the environment. Growth in the public sector, with a low growth of productivity, has also had an influence on productivity.

In countries where almost all social expenses as well as incomes are regulated, it has been especially difficult to fight inflation, writes IMF, without naming Denmark.

The labor market in many countries has become less difficult, and even if it has been desirable from a political and social standpoint, improved unemployment



compensation has reduced the individual costs of being unemployed, "which possibly explains a part of the increase in structural unemployment," says IMF.

Inducements to the private sector to work, save and invest are recommended by IMF, among other things through changes in the tax laws, less strict regulation of industrial life and labor market policies. OECD and BIS recommend similar actions. But a suppleyside economic policy is no miracle cure. "It represents a step in the right direction, but the question is whether it can be activated soon enough and in scope enough to make a considerable impact on stagflation in industrial countries in the coming 2 or 3 years," writes IMF.

#### Income Policies

Income policies are recommended only as a support for other arrangements, and there are many warnings against using income policies as a substitute for a strict monetary or financial policy. What is meant by income policies today is that one should address himself to remedies. The Japanese example is recommended as especially successful, where "a common understanding, which is shared by government, industry and the workers seems to have developed and has helped to limit inflation (only 3 percent in 1980) without an especially strict credit policy being necessary, even if the public sector deficit is large," writes IMF.

9287

CSO: 3106/173

## BRIEFS

JØRGENSEN DEEMPHASIZING ECONOMIC DEMOCRACY--Even if a large number of trade unions at the moment are demanding Economic Democracy at their congresses, Anker Jørgensen has apparently realized that there is at the present time no political basis for introducing any form of distribution of profits or Economic Democracy. His recognition is primarily based on an evaluation of the attitude of the Radical Liberal Party to Economic Democracy. "I suppose that we have got to recognize--with deep regret--that the time for making any sensible and just changes in the distribution of profits has not come yet. And it is a pity, for a really effective system of distribution of profits with a built-in perspective and certain forms of fund formation is the element of an economic policy which is most meaningful. That is why the Radical Liberal Party is really neglecting a possibility which, also from a historical point of view, is constructive," says Prime Minister Anker Jørgensen in an interview in the latest issue of KVINDERNES FAGBLAD. The prime minister refers directly to the Radical Liberal Party in explaining why the idea of Economic Democracy cannot be realized. The Radical Liberal Party has got "such a blurred and inane attitude toward the idea of profit-sharing that they obstruct anything at all from being accomplished," says the prime minister in the interview. [Text] [Copenhagen BERLINGSKE TIDENDE in Danish 16 Sep 81 p 1] 7262

LOSSES ON SWINE EXPORTS--The decline in the swine production will, during the first 6 months of 1982, cost Danish agriculture a direct loss in export earnings of approximately 0.5 billion kroner. This prediction was made by J. Esp Sørensen, chairman of the Danish Meat Marketing Association, who predicts that the number of slaughtered swine will drop from 14.5 million this year to less than 14 million in 1982. There is no doubt that we shall feel the adverse effects in the long run. We now lag behind in all export markets in Europe, Great Britain and Japan. At the moment, we are doing everything that we can to limit the demand," says J. Esp Sørensen. The number of slaughtered swine has dropped by 30,000 a week. In January-February, 285,000 swine were slaughtered a week, while the figure now is as low as 255,000, and a further reduction in the number of slaughtered swine is expected around the turn of the year. [Text] [Copenhagen BERLINGSKE TIDENDE in Danish 22 Sep 81 p 23] 7262

## EMPLOYMENT, HOUSING, PERSONNEL PROBLEMS PLAGUE BERLIN

Frankfurt/Main FRANKFURTER RUNDSCHAU in German 3 Sep 81 p 3

[Article by Otto Joerg Weis: "Wherever You Look: Nothing Is Working Any More"]

[Text] Berlin--"Perhaps," Harry Ristock, Social Democrat and professional optimist, says, "perhaps everything will again go away quickly." It does not sound very convincing. "Perhaps," thinks Professor Wilhelm Kewenig, Christian Democrat and new senator for science and cultural affairs, "perhaps we only have a chance in this city if we can arouse a wave of citizens' spirit." In West Berlin, sentences that begin with "Perhaps" can almost be considered the embodiment of confidence. Since the wide plains of the FRG experience increasing doubts in the future, the collapse of self-awareness and the feeling of self-worth on the island of West Berlin is almost inevitable.

In Berlin changes in the weather happen quickly anyway. A picture is taking shape which is like a mosaic that is being created piece by piece; it shows that in 1981 the city is again approaching a change, as happened in 1961 when the wall was erected or in 1971 when the Four-Power Agreement was signed. This time, however, it will probably present a much greater danger because it is more subtle. "Perhaps," the mover says sarcastically when saying good-bye, "perhaps there will again be a time when people will move to Berlin."

During the first 4 months of this year, the city lost 9,731 Germans either through death or because they moved away; the numbers are rising continuously. The Statistical Land Office does not even want to call them unusual. Whereas tourism elsewhere suffered only a modest decline. Germany's number one city for foreign visitors experienced a severe reduction this summer. The number of manufacturing jobs is again going down dramatically; during the 1970's the number shrank by one-third and only an emergency act managed to stabilize the situation. The politicians are shrinking from publishing accurate data.

The Mortgage Institute and the Building and Loan Institute offered two loan programs amounting to DM 350 million to attract West German depreciation funds. It is past the deadline and less than one-third of the amount has been received, the most miserable result in the memory of speculators.

A few weeks ago, the Christian Democrats experienced personally that it is practically impossible to lure first-rate people to the Spree, not only because the pay for top civil servants is two steps lower than it is in the FRG. They would not come for any amount of money. During the budget round this summer, trimmers in Bonn considered the three big B's (Bauern [farmers], Beamte [civil servants], Berlin) synonymous with and the easiest target for cuts. According to an opinion poll, 47 percent of FRG citizens feel that the time has come for substantial cuts in Berlin subsidies.

Secretly many responsible people in the city are fully aware of the fact that the change of 1981 could very easily be the beginning of a new dramatic chapter of perils for West Berlin, in spite of the fact that over a period of 36 years the city was always able to deal with calamities in a more or less tolerable manner. The thread has worn thin that could be used to pull us up again. A future without steadily growing aid to Berlin is new territory, like riding across Lake Constance. According to a proverb, the Pope does not need legions. As far as Berlin is concerned, however, the more the city is losing its national incense without finding a new function, the more it needs to hire these legions, at rising prices.

After the red pencil has touched all positions, among the big German cities West Berlin will probably be the one with the most unfavorable relationship between income on one hand and living costs on the other hand. And the scissors will be ready for deeper cuts if the local CSU gets its way and rent controls will be partially lifted in 1983. The effects will soon be visible when a general migration away from West Berlin's "expensive pavement" will set in. The promises of the new Senate are unrealistic and almost demagogic. They say that they want to defuse at least the most urgent structural problem--the housing question, which also has historical causes--by providing 50,000 new apartments within a 4-year period. When looking at the figures, it is already evident now that the city budget is burdened with expenses as a result of housing construction during the post-war years--new apartments and city repairs of large housing projects--that by the mid-80's will require almost DM 2 billion annually. A new building boom would be irresponsible for a region which, compared to the Laender of the FRG, is the leader when it comes to state debts.

What is to be done? It will not be possible to retain much longer the Berlin Promotion Law in its present form. Added to Bonn's subsidy to the Bonn budget it represents the second cornerstone for the economic development of the city. Even the Chamber of Industry and Commerce, the most tenacious bulwark in the defense of this law of the 1970's--which was such a great blessing with respect to capital--will no longer be able to close its eyes to the irrelevant development structure and the labor-force potential. Half a dozen scientific establishments have taken a sharp aim at the old rule. In a report the German Institute for Scientific Order suggested a new order for the so-called creation of wealth. On paper it looks magnificent, convincingly beautiful. Furthermore, it contains room for compromises with the ideas of West Berlin's Labor Union Federation.

It is possible, however, that the renewal expected for next year is almost a desperate attempt to rejuvenate West Berlin's economy without increasing the budget allocation and by sharpening the instruments. Nevertheless, former FRG Minister of Finance Schiller popularized the saying: You can lead the horse to the watering place, but it must drink itself. But, if I may say so, the economy would always have been able to drink. The promotional advantage that West Berlin enjoyed, when compared to every other region (and approximately half of the FRG is its promotional territory), was unequivocal and predictable. What is the economy to do now that the advantage is shrinking?



The blocking threshold is still unexplored. According to calculations by experts, West Berlin will have to come up with 20,000 new additional jobs by 1990 in order to maintain the population at 2 million people in spite of the unfavorable age structure, a number which has been considered the official level since the end of the war--a utopia. Rather: Even if the city should succeed with respect to its economic development in doing as well with less money during the incomparably more difficult 1980's as it did during the golden years of the 1970's, by the beginning of the next decade West Berlin will presumably have lost at least one-third of its German population for labor-market reasons alone. But "perhaps," Harry Ristock said, "perhaps everything will again go away quickly."

Wherever you look: Nothing is working anymore. Only the fair and convention business, because it is supported worldwide, has not yet experienced a decline. It seems almost incomprehensible that only 4 years ago an FRG president by the name of Walter Scheel could demand: "Everything that is conceived and created in Europe belongs in Berlin." And 3 years ago the Paris newspaper LE FIGARO praised West Berlin, calling it a "model city."

They are like vanished hopes, remains of a rebellious phase that had been set in motion in 1977 by the Land government under Dietrich Stobbe and which lasted for a short time. The phase has been concluded. Only a few ambitious projects remain until this day; for instance, the Prussia Exhibit or the new theater on the Kurfuers-tendamm (Kewenig: "The last present" to culture for a long time to come). The so-called Garski affair was the final blow. In the process the Stobbe Senat was brought down because of an overdue guaranteed loan in the amount of DM 100 million, but it also became abundantly clear that "the senselessly exaggerated economic principle" (Joachim Vogel, leader of the SPD opposition) in West Berlin was bordering on perversion.

The fact that Berlin has at least partial economic parity with the FRG was the reason for continuous Bonn "subsidies": Turnover-tax preferences, fiscal policies for promotional programs, depreciation allowances, investment subsidies, wage subsidies--one of the final "manna programs" of the 1970's targeted for individual assistance. It was a blessing from Bonn which was used by many to enrich themselves, except for the average citizen. West Berlin's worker is still earning as much as his counterpart in Hamburg, but it is only possible because the state adds 8 percent to his wages. Also, life is not any cheaper in Berlin than it is in the Hanse city, but only because rent controls are still in effect in West Berlin.

What happened to the billions of marks is an inexhaustible topic for the critics of capitalism. In spite of its extraordinary research and development potential, giant investment subsidies, the absence of strikes, competitive advantages in manufacturing amounting to between 9 and 10.2 percent of sales: The result--according to Prof. Frieder Naschold, director of the Economic Center in Berlin--was a "continuous decline in the importance of the industrial sector, a disproportionate reduction in jobs for qualified workers" which occurred during the course of time.

The Stobbe Senat had already realized at the time of the Garski affair that the "business basis" for West Berlin's economic existence based on steadily growing monetary injections from Bonn with all the accompanying possibilities was coming to an end. The FRG ministers of finance had always been Berlin's fair but also hard and frank partners. The current DCU minority government under Richard von Weizsaecker is dutifully dishing out what any other party would have had to do as well. Even

before the FRG Laender started, the city began using the red pencil. For next year DM 235 million are to be cut from promotional programs for Berlin's economy, medium-term fiscal plans by the Senat contain reductions of DM 3.6 billion for the next 4 years. Fees for buses and city sanitation will rise in 1982 between 9 and 30 percent. New buildings for government authorities and schools are practically a dead issue for many years to come, 3,500 public sector jobs are to be eliminated. At least, this is what the Senat has planned, and not many changes are expected.

To date West Berliners have accepted all these announcements as if it were God's Word, except for dog owners who for the time being got a reprieve from a 100-percent increase in "their" tax, except for the customary routine protests by business managers of associations who act according the old peasant lore: Complaining pays in good and in bad times. And, finally, except for those cultural people who are groaning under a resolution by Bonn's budget committee, it was passed in a hurry and is probably a big flop, but it can perhaps be corrected; a DCU proposal had forced FRG Minister of the Interior Baum to cut, among other things, 10 percent from his current cultural budget. It had to be done in a hurry according to certain titles. Of these funds 62 percent are destined for West Berlin; for instance, the Festspiel GmbH, the Foundation for Prussia's Cultural Heritage, the Film and Television Academy, the Radio Symphony Orchestra.

But West Berliners are tolerating the change, because this city also knows something about political solidarity. Most of those in responsible positions would rather bite off their own tongues than being the ones who, in principle, were to criticize Bonn's economy measures.

8991

CSO: 3103/431

## FAILURE OF ECONOMIC POLICY SEEN BEHIND DEVALUATION

Copenhagen INFORMATION in Danish 17 Sep 81 p 2

[Article by Flemming Røder]

[Text] The devaluation of the Swedish krona which the Swedish government will now carry through is the fourth devaluation in 5 years in Sweden. Even if it, of course, is a question of an act of intervention aimed at adjusting the Swedish economy, the fact that a devaluation of the monetary standard is often regarded as a confirmation of an unsuccessful economic policy cannot be disregarded.

But as Foreign Minister Ola Ullsten said at a press conference in Stockholm recently: "One does not show one's love of one's ship by letting it sink." Stating that the Swedish ship is about to sink is hardly any exaggeration. Bengt Vasterberg, state secretary of the Budget Ministry, states that the budget deficit this year will amount to 77 billion Swedish kronor.

The main items among the economic emergency measures which, in all probability, will be adopted by the Riksdag in October are the 10 percent devaluation, a value added tax reduction by 3.46 percent to 20 percent as well as a price freeze, which will remain in force until 1 January.

The purpose of the value added tax reduction is to avoid a drop in real wages, which would otherwise have resulted in renegotiations of the Swedish labor market agreements in December. The price freeze is designed to prevent an undermining of the value added tax reduction.

By way of supplementary measures, the government will save 6 billion kronor on next year's budget. A co-insurance clause will be included in the health insurance plan, pensioners will lose their special tax reliefs and, in addition, the discount given them by the public transport companies. Among offensive measures may be mentioned increased government subsidies for investments in industry and trade, government subsidies for research and development and a so-called invention account.

## Reactions

The reaction in Sweden to the new economic emergency policy of the Swedish government is not one of unqualified enthusiasm and satisfaction. The Social Democratic Opposition leader Olof Palme has expressed his surprise that the devaluation is combined with a value added tax reduction--thus two contradictory measures. Olof Palme describes the government's economic policy as "not credible, desperate and of a short-term manipulating nature."

The leader of the other opposition party, the Communist Left Party, Lars Werner, states: "The emergency program is a continuation of the main line that has been followed by all non-socialist governments: the burdens of the crisis must be carried by the wage earners."

The Swedish Federation of Trade Unions refers to the emergency measures as a panicky reaction. "But if one pursues an economic policy as pursued by all non-socialist governments since 1976, one invariably ends up in impossible situations as the one in which one is forced to take panicky actions," says Rune Molin, secretary of the Swedish Federation of Trade Unions.

The Swedish Central Organization of Salaried Employees points out that the present wage and salary level is the same as in 1970. For under the last collective agreement, the wage earners and salary earners agreed to a reduction of real wages by 6 percent. "The devaluation means a further reduction, and the demand will, consequently, also drop. Without a demand, no production," the Swedish Central Organization of Salaried Employees states.

The reactions from employers are more positive. The chairman of the Swedish Employers Association, Kurt Nicolin, says that both the devaluation and the price freeze are emergency solutions, but that business must endeavor to avail itself of the hand lent it by the government. The chief of the Swedish Conservative Party, Gosta Bohman, calls the government "competent and courageous."

If one regards the devaluation as a sign that the economy is in a poor shape, part of the story is that the instability in the rate of exchange of the Swedish krona is of recent date. From 1949 till 1976 Sweden did not devalue a single time, and now it is thus a nearly yearly recurring event.

## Idealization

How would it be possible for Sweden in such a short time to develop from an expansive industrial society with a balanced state budget into a country which may have the biggest economic problems in Western Europe? What did actually go wrong in old Sweden?

The purpose of the Swedish economic policy after the oil crisis in 1973 was to bridge the international depression. Contrary to most Western European



countries, Sweden chose to comply with the request from the O.E.C.D. to counteract the moderating effect of the oil price increases on the demand by means of a so-called expansive fiscal policy.

The then Social Democratic government, under the leadership of Olof Palme, maintained that they were in full control of the economy. The strong and independent position of Sweden could not be questioned. This idealization was confirmed by all industrial sectors working to full capacity and by a sharp increase in the consumption, at the same time as other countries had to reduce their production and consumption and accept a constant increase in the unemployment rate.

The illusion regarding the much discussed Swedish raw material resources caused the general public to believe in the optimistic economic forecasts of the government. The plans to build the gigantic steelworks-80 engendered dreams of Sweden as a metallurgic great power, and there was even talk about Sweden becoming self-sufficient, as far as energy was concerned.

It was also at that time that Sweden's present prime minister, Thorbjorn Falldin, as a politician of the Opposition, talked about "a string of nuclear power plants" along the shore at Bottenviken.

Things like that naturally encouraged enterprise and created confidence and optimism within the big wage earner groups. But the glittering promises merely reflected a policy of simply always promising more than one's opponents. Or, at best, a morbid fear among politicians of telling the truth.

The truth regarding the consequences of the economic crisis in the West at a time when the most popular T-shirt in Sweden carried the words "Sweden is best." Later on, the then government's own economists have admitted that they were well aware that it could not go on like that in the long run.

#### Incentive Policy

The reduced competitiveness of the Swedish trades and industries was the first warning to Sweden that it would not be possible to keep the effects of the crisis from affecting the country. At the time, the cost level rose at a 20 percent higher rate in Sweden than the average for the other industrial countries. The result was marketing difficulties.

However, the wheels of industry had to be kept turning, and, consequently, the government started subsidizing stockbuilding. However, the stockpiles proved to be a heavy burden to the various enterprises, both in respect of profitability and liquidity.

Later on, they switched over to granting direct government subsidies to industry as some kind of artificial respiration. This incentive policy soon began to affect the balance of payments. To obviate this problem, Sweden started borrowing money abroad in 1974. The borrowing policy was

said to be of a temporary nature. As soon as the international depression had been overcome, the balance of payments would be brought into equilibrium again.

But things did not go according to the Swedish calculations. The depression became unusually deep and prolonged, and, at the same time, Swedish imports increased considerably. The consequence was that the balance of payments deficit has kept increasing endlessly to the 77 billion figure, which is the deficit of this year.

On account of the incentive policy which has also caused the domestic demand to be maintained, price increases in Sweden have been greater than the average for O.E.C.D. countries, and, consequently, the rate of inflation has also been accelerated.

Sweden simply kept expanding its production and consumption without paying attention to the consequences that were inevitable. That is the cause of the economic problems of the country today and the reason why they are now trying to pursue a more austere economic policy.

7262

CSO: 3106/173

## WESTERN ADVICE SCORED, ARAB RELATIONS PRAISED

Istanbul MILLI GAZETE in Turkish 20 Sep 81 p 5

[Editorial by Mehmet Fahri]

[Text] For years Turkey has tied its foreign policy to Western countries, particularly the U.S.

A natural result of this adhesion is Turkey's total dependence upon the West. So it is that the West has become the helmsman of the Turkish economy.

Functioning per their advice has become virtually obligatory. If they want us to draw back on investments, we are so obliged and if they don't want us to devalue, we must not do so. The Western has never neglected to tell us that he proffers this advice for Turkey's welfare.

Yet, no one can say that positive results have accrued to Turkey from Western-counseled programs stemming from years of pro-West policy. Quite to the contrary, Turkey has been dragged into a complete economic impasse.

Efforts are now underway to rescue Turkey from the impasse into which it has been dragged. It is clear, however, that Turkey's salvation is not possible with a Western prescription. Since Western prescriptions have dragged Turkey into the present impasse, it is perfectly clear that Turkey cannot be saved from this impasse with an identical prescription.

As is known, Turkey's most pressing economic problems have for years been credit needs, produce and markets for exports, insufficient investment, and unemployment that is part and parcel of this.

It is evident that Turkey has not exerted the necessary effort to boost relations with countries most able to provide credit and export markets, despite the fact that these are Muslim countries. The fact that in the last year economic relations with these countries have started to climb by doubling points up that the necessary effort in this area was not exerted in the past.

While things have gotten worse everyday despite the years of great friendship we have showed the West, a small turn toward the Middle East countries has netted much credit and a rapid boost in exports.

One can summarize as follows economic developments between Turkey and the countries of the Middle East.

While Turkey's exports to Middle East countries have climbed in recent months, credit bridges are being laid with Arab banks. A group of Arab banks headed by the Libyan Arab Foreign Trade Bank has moved to give 100 million dollars in credit to Turkey. On the other hand, Turkey, while concentrating in large measures on exports this year, has especially broken into Middle East markets. And the quantity of goods Turkey has sold to these countries has exceeded that sold to Europe. In the first 6 months of 1981, Turkey sent 762 million dollars worth of goods to Arab countries while our exports to the Common Market totaled 663 million dollars.

Moreover, after the Kuwaiti emir's visit to our country, it was reported that an Arab banking delegation will come to Turkey to investigate credit opportunities. It is conjectured that this visit will yield positive results and that a large portion of Turkey's credit requirements for various infrastructural and industrial investments will be met by Arab countries.

In short, it is evident that Turkey, through relations being developed with Muslim countries, has moved to right its economy shattered as the result of following the West's advice.

CSO: 4654/12

## LEADERSHIP, POLICY CHOICES FOR FLEMISH LIBERALS

Brussels KNACK in Dutch 2 Sep 81 pp 28-29

[Article by J.S.: "The Third Road and the Path of the PVV"]

[Text] The liberals will elect a president in October.

Frans Grootjans does not want to, and Herman Vanderpoorten is not interested either. If you have had to put the Flemish liberals on their feet once before in the fifties, when the world was still young, then you would rather not start all over again, 30 years later and a generation wiser. Thus, Willy De Clercq, 54 years old, will just have to remain president of the Party of Liberty and Progress [PVV].

When the party congress votes on this, on 25 October, the former minister from Ghent will already have been president of his party for the second 4 year term. Between his repeated terms as minister of finance, under Vanden Boeynants (until 1968) and under Leburton (from 1973), he was the leader of a Flemish wing which, for the first time, went its own way, without the French speaking brothers. It is paradoxical that the young De Clercq much more obviously seemed to be the leader then, at a time when his party was much more rigid because of other notable personalities, than now, when those personalities are gone and he is practically the only one left. Normally, the president of a party is the man who sets the tone in terms of ideas. However, this does not seem to be too much the case in today's PVV.

Let us quickly summarize. When Willy De Clercq readily won the 1976 municipal council elections in Ghent, he was Tindemans' minister of finance. At that time he could have become mayor of his city, or governor of the National Bank, or no matter what in the big world of world money, but he scorned all of it. As minister of finance, he was seated loyally next to his Christian-democratic prime minister in February 1977 at the Egmont Palace, when during a memorable weekend the disastrous plan of the 50,000 was developed there. However, in two Friday strikes this whole formula was swept away by the center-right, after which, in April, the PVV suffered the worst electoral trouncing of its life. In the meantime, the affair with Judge Jaspers had also occurred in Ghent.

Willy De Clercq became president, and he has actually never forgiven Leo Tindemans and Wilfried Martens for having left him out in the cold during that spring's relatively short formation negotiations. Cools, Spaak and Schiltz already had their Egmont in their pocket during the winter. However, that plan was too good to be true; it fell apart in a year and a half. The PVV did much better in the 1978 December elections, while Hugo Schiltz repeated Willy De Clercq's painful experience



with the CVP [Social Christian Party] allies. Due to the fact that, against our practice, and in fact against our democratic temperament of quickly testing the proposed administrative formulas, since that end of year we have not had any party elections, Willy De Clercq has been able all this time to claim with impunity that things have been run wrong, because he was formally the last election victor in the series.

It is true that for one season last year, the liberals were part of the Martens III administration, but this misunderstanding did not even survive the voting of the budget. Indeed, at a given time coalitions are the more or less successful response of the national system to the rightly or wrongly analyzed challenges presented by the state of the country. There is no such thing as the best possible coalition, which would be the same in all times and circumstances. It may well have been because the inclusion of the liberals in 1980 had not been the right answer to the problems at hand, as CVP President Leo Tindemans believed, that they had to be turned /out/ [in italics] of the cabinet as quickly as they were. Moreover, the liberal disposition made the mistake of entrusting the portfolio of Finance to, of all people, Administrator General Paul Hatry of the Petroleum Federation. You do not put a Debuene in the Ministry of Labor and Employment either.

If the ruling coalition, as it is composed, had been the right response to the people's desire to be governed fairly, then the recent months would not have been so stormy. It was only after the presentation of the 1982 budget that we noticed that Wilfried Martens' emergency plan would have been less expensive than what is in store for us now. And yet, Roger Vandeputte alone represents the only difference between the Eyskens I and the Martens IV administrations, but so much ineffectiveness cannot be attributed to him alone. Up until the first week of August there have been crises in the administration concerning just about everything, from the pay envelopes at Cockerill to who can supply the director of a parastatal organization, and it will start up again next week. It has been a long time since it has been so clear from the newspapers every morning that things must be /different/[in italics].

Thus, if there is need for relief, it is not without importance who is president of the PVV. Indeed, what could be the significance of Herman De Croo's candidacy, which he himself announced with the loud statement that he sees things just like Willy De Clercq? It is no secret that the only thing Willy De Clercq himself wants -- as indeed any normal politician, who knows which way is up, would -- is to be minister. It is only if there is no portfolio that being president of the party would also be all right. As one cannot, according to regulations, be both at the same time, the party presidential elections of 25 October will in the first place depend on the state of the administration at that time. In a campaign, in formation, or even simply surviving. In case of the first two possibilities, liberal participation may be possible. In case of a liberal participation, Herman De Croo would be sure of his portfolio. But if he honestly prefers the presidency, whereby he does not even pretend to present an alternative to Willy De Clercq's message, then this can only mean that Herman De Croo (who is also a normal politician with a normal propensity for being a minister) believes that there will not be a crisis, and consequently no participation for his party either.

Nothing is more typical of the Flemish landscape than the straight bare sides of row houses, which are /not/ [in italics] standing in a row. Usually they announce messages, mostly about the quality and suitability of the country's most popular shoes. However, if things begin to get tight, then they carry the slogans of

Liberty and Progress. These days, they read that not you, but the state is living beyond its means. Those whose headlights pick this up, can only agree. For them too, things are tight; and the tax department makes its rounds. The PVV is right in advertising this problem this way. Under the pressure of mechanisms in our kind of society, hypotheses are developing in some Western countries which are more in keeping with its mentality. If the formulas of so many consecutive coalitions have led us to the present wrong stage, then an alternative must be looked for. If more "state" does /not/ [in italics] give the citizens the promised protection, on the contrary even, then someone should propose a different road.

As a matter of fact, some people already call this the /third/ [in italics] road. This is precisely why it is so important who will preside next over the official Flemish liberals. Because those who have followed the PVV-Youth at all since Guy Verhofstadt's advent, more specifically since last year's party congress in Coutrai, know how much currency those ideas, which they refer to as /radical liberalism/ [in italics], have within their ranks. As a matter of fact, they are once again holding a congress in Brussels with a wide selection of neo-rightist intellectual leaders from across the world. Whoever becomes president of the PVV on 25 October, will have to show to what extent the established right wing in our country is capable of absorbing this psychological-social timebomb, which is dangerously ticking away under the cloak of the welfare state, in order to use its dynamics to promote respectable and orderly government work. Indeed, there are pirates on the coast, who are much more dangerous for traditional liberalism itself than for the other tendencies.

In outline, these new pirates no longer recognize the fact that since Charlemagne our states have been a construction of liberations and protections; in fact they see the opposite. This view is being expressed more loudly every day within the PVV as against the familiar noises made by such people as Willy De Clercq or Herman De Croo, who are still from the revolution of 1789. However, thus far this small club, which is intellectually undoubtedly broader than the relative numerical unimportance of Verhofstadt's youthful supporters, has not yet nominated a candidate for the top party post. It is true that for a few years now, the young lawyer Verhofstadt from Ghent has been deliberately groomed in the harem of the party administrations to become crown prince, but they never fail to refer regretfully to his lack of years. It would not be the first time in a political party that someone is considered to be too young for so many years, after which nothing ever comes of it. And it is not a secret either that the experienced party leaders are not convinced that in an election their established shopkeeper clientele would care very much about the philosophical sparkling of so-called radical liberalism. Because the PVV uses appointments, credits, favors and other perquisites no less than any other political party, given the opportunity. Verhofstadt abhors the Belgian balance of group egoisms, but liberals usually exhibit less esthetic objections.

There is a 10 year difference between Herman De Croo and Willy De Clercq, but otherwise he is the same age. If in the short term, during an election round, votes must be secured against the temptations of such varied third road preachers as the RAD [Respect for Labor and Democracy] or even the ecologists, the odium of a statesman would naturally adhere to Willy De Clercq. Everyone still sees him before their eyes introducing budgets with a quarter growth and more; that was only a few years ago. To be a manager of important enterprises is definitely not a disgrace, but it definitely is a disadvantage when radical neo-liberalism suddenly also means that you have to oppose the bondage created by big business. Herman De Croo is associated

with /Israel/ [in italics] and /Mobutu/ [in italics], which are not exactly show-pieces of liberalism either. What these two gentlemen have in common, may well be in the first place that the one is not the other. If Verhofstadt were to come up yet between now and 25 October, he might well be able, to the benefit of Willy De Clercq, to get in a clinch with Herman De Croo, and the incumbent president would not even have to get his hands dirty and could not be swept in a heap with De Croo, who is after all only his challenger. Sometimes it seems as if there is no sport which offers such a range of plays as party politics.

From among the government parties, the PSC [Christian Social Party] was the first one last weekend to state officially that it cannot accept the 1982 budget as is. As far as the feelings of the CVP are concerned, we have the CVP-Youth. Union leaders Schoeters and Gayetot have already found their way to the newspapers; Spitaels and Karel van Miert will also have to come forward now. The fact that, for the first time in 20 years or so, former Prime Minister Wilfried Martens was able to enjoy more than a month of real vacation was evident from his comments in HET BELANG VAN LIMBURG. All in all, this has produced such a rare caricature of a situation, that paradoxically CVP Prime Minister Mark Eyskens should actually feel safe in it. If, a few weeks from now, we really were to vote for once on the matter at hand, specifically the budget -- which is /not/ [in italics] the custom at all in Belgian elections --, this could turn into such a rare electoral Niagara for all the parties concerned that everyone would inevitably be swept away.

This is true not only for the majority parties, but also for the PVV. As long as it is not certain that it will get the support of the /whole/ [in italics] right wing, down to the farthest corners of its mind, an election will mean as great a risk for the PVV as for the majority. These days, the fact that Willy De Clercq has been demanding elections for ages, with honest enforcement of their result during the formation, seems to be the only leg Mark Eyskens has left to stand on. He gives more than a little the impression of someone who, in less than half a year, has deliberately moved toward the edge of the abyss and is now cynically looking down at the swirling of the deadly waters, as long as it is possible to do so.

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CSO: 3105/179

## FOREIGN MINISTER SEES LARGER NORDIC ROLE IN WORLD AFFAIRS

Copenhagen INFORMATION in Danish 12-13 Sep 81 p 3

[Article by Hugo Gården, RITZAUS BUREAU]

[Text] The debate during the last few years on nuclear weapons and a nuclear-free zone has to a greater extent than previously caused the Nordic countries to be involved in high politics, says Foreign Minister Kjeld Olesen in an interview with RITZAUS BUREAU.

Kjeld Olesen regards the debate as a sign that the small countries will no longer put up with the dominance of the superpowers in the area of nuclear weapons, and that an increasing number of the public no longer regards security policy as exclusively a military issue. The conditions in the developing countries are at least as decisive.

"An isolated nuclear-free zone limited to the Nordic countries is not possible on account of the existing security and foreign policy arrangements in the Nordic countries," says Foreign Minister Kjeld Olesen. "Nor is it acceptable to regard a Nordic zone as a first step toward an expanded European zone. A nuclear-free zone must, from the start, be regarded in a wider European context where Soviet areas are involved as well."

## Soviet Weapons Included

The minister refers to the meeting of Nordic foreign ministers which was held in Copenhagen on 2-3 September, at which meeting four prerequisites were set up for a nuclear-free zone.

"The negotiations regarding a nuclear-free zone must take place through the countries which have nuclear weapons, thus the United States and the Soviet Union. The Nordic countries do not want to negotiate independently with the Soviet Union themselves," says Kjeld Olesen, "but it goes without saying that they have the right and duty to make their views known."

"In the opinion of the Danish government, guarantees of a zone are not enough. There must be an actual disarmament in the Nordic area, also as far as Soviet nuclear weapons are concerned. Otherwise, a nuclear-free zone will not make sense," Kjeld Olesen says.



President Leonid Brezhnev, last spring, showed his willingness to discuss Soviet measures. The Danish government has not stipulated which nuclear weapons must be removed as a prerequisite of a nuclear-free zone. But it is pointed out that the Soviet nuclear missiles on the Kola Peninsula, on submarines in the Baltic, as well as the hastily stationed SS-20 missiles aimed at Western Europe, will have to be included in such discussions.

The foreign minister points out, however, that a nuclear-free zone is not, at the moment, the most important security policy task. The negotiations on a reduction of medium-range missiles in Europe are the most important security policy task. But if these negotiations get well under way, there will be good possibilities of more extensive security policy arrangements in which Northern Europe as well may become involved.

Kjeld Olesen says that the Soviet Union has a sincere interest in stopping the arms race, one of the reasons being that it is a burden to the Soviet economy. But, on the other hand, he has no doubts that the Soviet Union deliberately plays on the opposition in the West to nuclear missiles.

"However, I am not among those who lump opponents to the nuclear arms race together with people who act from other political motives. Everybody ought to be afraid of nuclear armament," says Kjeld Olesen.

"The growing debate on nuclear weapons is positive, and I shall contribute to maintaining the debate until the superpowers become aware that results will have to be attained, as far as disarmament is concerned.

So far, the superpowers have been carrying on the dialogue, while the smaller countries have been keeping a low profile. But we now also see a growing popular engagement on an international level. The small countries do not want to accept tacitly the arrangements made by the big countries. As NATO is composed of democratic countries, there must be scope for an open debate on nuclear strategy," Kjeld Olesen says.

#### Nordic Countries Involved

He says that the Nordic countries to a larger extent than hitherto have become involved in high politics on account of the debate on nuclear weapons, the possibility of a nuclear war in Europe, the nuclear-free zone and the arms stockpiles.

It is to be desired that it will not be necessary to deploy the new strategic medium-range missiles of the West as of 1983. But, in that case, there will have to be a major reduction in the present number of Soviet SS-20 missiles.

"Disarmament and detente will also make it possible to start tackling the most important task of the present time, viz. improvement of the relations between rich and poor countries," Kjeld Olesen says.



Foreign Minister Kjeld Olesen has been both praised and criticized for having linked aid to developing countries together with security policy.

He says that he has found support of his viewpoint from the Pentagon which in a recent report discusses the connection. He hopes that the new Reagan administration is about to recognize this connection.

On 22 May 1980, the minister of foreign affairs stated in the Folketing that the greatest threat to the security of the world are social and economic problems. That is why aid must be regarded as part of the security policy, which does not merely concern military defense.

#### Aid

"Aid to the developing countries may increase the security, but it just cannot be measured in the individual countries or regions," Kjeld Olesen says.

He repudiates the claim that aid to troubled countries such as Zimbabwe and Nicaragua is granted on the basis of security policy considerations.

The aid is designed to contribute to the rebuilding of these countries even if they do not belong to the poorest countries.

The foreign minister says that it is not relevant to divide the aid according to development policy and security policy objectives. For that reason, it is not possible either to grant a limited security policy aid which leads directly to an improvement of the security position.

But aid may have such a social and economic effect that it strengthens the security in the country concerned or the area. Aid has its own purpose in the individual developing country, but globally aid may be regarded as part of the security policy.

Some conflicts might have been avoided if sufficient aid had been granted in time.

The foreign minister admits that if the countries in the West had assisted the new government of Angola after the country's independence in 1975, Angola might not have needed to approach countries such as Cuba. It might have lead to a situation completely different from the one now existing.

"I am very worried about the further developments in Angola and Namibia if the Reagan administration keeps maintaining its present position toward South Africa. If the United States had not changed its policy toward South Africa and Namibia, the invasion by South Africa of Angola would not have taken place," Kjeld Olesen says.

#### East-West

He says that the Reagan administration sees far too many local conflicts in the developing countries in an East-West context. Paradoxically, the United States may in this very way contribute to creating East-West problems.

If South Africa continues fighting in Angola, the Soviet Union will not leave it at that, and Africa will then become involved in the East-West conflict.

Not least the small countries which grant considerable amounts of aid are, in the opinion of the foreign minister, obligated to urge the big countries to adopt a more positive attitude toward the developing countries.

There is a need for international reforms, for example the so-called global rounds of talks. But the greatest problem, however, is the position of the United States. President Reagan has got to recognize that the United States will have to increase its aid to the developing countries, Kjeld Olesen says.

He notes that the U.S. policy in this area is still unclear but considers President Reagan's decision to participate in the North-South summit meeting in Mexico a positive step.

7262

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## POLL REGISTERS CONTINUED ADVANCES FOR CONSERVATIVE PARTY

Copenhagen BERLINGSKE TIDENDE in Danish 6 Sep 81 p 1

[Article by Lisbeth Knudsen]

[Text] The Conservative Party would be the uncontested victor if a general election were to take place now--and the Social Democratic Party would be the loser. This appears from the latest poll, the publication of which coincides with the national congresses of the two parties held this week-end.

The Conservative Party would gain six seats in the Folketing if an election would take place now, and the Social Democratic Party would lose two seats. The poll shows that it is the old parties in the Folketing which, together, would win if an election would take place. The Liberal Party, the Radical Liberal Party, and the Socialist People's Party thus have each of them advanced by one seat. The biggest setback would be suffered by the Progressive Party and the Democratic Center.

The poll was taken over a period right up to 3 September, and it, therefore, gives a very up-to-date picture of the attitude of the population to the political parties. While the Liberal Party and the Conservative Party today are equally large parties in the Folketing, an election, if held now, would give the Conservative Party and the party chairman, Poul Schluter, a clear lead with 28 seats compared with the 23 seats of the Liberal Party.

BERLINGSKE TIDENDE (Sunday Edition) has undertaken a distribution of the seats in the Folketing on the basis of the Gallup poll. The distribution does not take into account the two members of the Folketing elected in the Faroes, nor the two members elected in Greenland.

	<u>Poll</u>	<u>Now</u>
Social Democratic Party	66	68
Radical Liberal Party	11	10
Conservative Party	28	22
Single-Tax Party	4	5
Socialist People's Party	12	11
Communist Party of Denmark	0	0
Democratic Center	3	4
Christian People's Party	4	5
Communist Workers Party	0	0
Liberal Party	23	22
Socialist Left Party	6	6
Progressive Party	18	20

7262

CSO: 3106/174

## NEW CONSERVATIVES' CHIEF URGES COOPERATION WITH LIBERALS

Copenhagen BERLINGSKE TIDENDE in Danish 6 Sep 81 p 7

[Article by Johannes Bundgård]

[Text] A non-socialist minority government which, in broad national cooperation with the opposition, turns the economic development in the country to progress and a fairly high rate of employment, that is the goal of the newly elected chairman of the Conservative Party, Poul Schluter.

"It is unrealistic to imagine a non-socialist majority government, but the Liberal Party and the Conservative Party have already started a cooperation which will be fruitful for a government," Poul Schluter tells BERLINGSKE TIDENDE (Sunday Edition).

At the meeting at Herning yesterday, the national congress of the party supported his line, applauding him enthusiastically, after he had told the national congress in his political speech that the two big non-socialist parties have already in practice entered into legislative cooperation. The few speakers at the meeting who desired the same close cooperation with the Progressive Party will, on the other hand, be disappointed.

"The Progressive Party has itself proposed this. But it is unrealistic," says Poul Schluter. "The three parties cannot expect to win the majority alone. And the thing is that a cooperation comprising the Progressive Party will not receive the support of other parties. On the contrary, all other parties will immediately get together to tumble such a cooperation.

Instead, the Liberal Party and the Conservative Party will already in October present five joint initiatives which will form the beginning of a change of course which will be necessary in all economic policy, commercial policy and related areas to create progress, stability and a fairly high rate of employment. We shall now appeal to everybody, but especially to the Social Democratic Party and its non-socialist supporting parties, asking them already now to enter into a broad national cooperation for the necessary change of course.



Everybody knows that Anker Jørgensen has not hitherto been willing to enter into such a broad national cooperation. I also know that the three supporting parties are closely tied to the government in respect of the economic policy, so I am afraid that we shall, unfortunately, not have any change of course now," Poul Schluter states.

"That does not mean that the Conservative Party and the Liberal Party will discontinue their efforts as a result of this. On the contrary," he goes on to say. "The proposals which we shall jointly present in October will in that situation become the main thread in the two parties' joint platform for the election which, in my opinion, is bound to take place before the expiration of the election period in 2 years.

The voters will thus have time to become thoroughly acquainted with the objectives of the non-socialist cooperation, and I am certain that both parties may expect a growing support of this line, so that a minority government may be based on a solid number of seats in the Folketing and a line of procedure.

Creating the broad national cooperation will become a big and difficult task. For that reason, it is important already now to state clearly that the coming non-socialist government will be able to create good lines of communication in very essential areas of work to the Social Democratic Party. And if this becomes part of our political move, it will become difficult for the leaders of a big party in opposition to escape such a cooperation. But, above all, nobody must forget that the basis for its success will be that the voters will support the two big non-socialist parties," the leader of the Conservative Party concludes.

7262

CSO: 3106/174

## PAPER COMMENTS ON CONTINUED GROWTH IN CONSERVATIVE SUPPORT

Copenhagen BERLINGSKE TIDENDE in Danish 6 Sep 81 p 12

[Editorial: "Regained Strength"]

[Text] The Conservative Party is a bold party. It was quite courageous for it to issue its own syllabus for the history class, so that it will be lying ready next to the official one. It shows, however, that the Conservative Party has gained confidence, and that they have come to believe that they have enough support to take strong initiatives. They are no longer afraid that they may come to overevaluate their own situation. They are no longer afraid of major setbacks.

When holding its national congress, the Conservative Party will find support for its confident position in the political poll taken by the Gallup Institute and which is published by BERLINGSKE TIDENDE today. The poll confirms that it is anew a question of a party which has a secure basis in the society and which may expect to come to play an important role again. The first concrete manifestation of this may be the progress which the Conservative Party may expect to make in the coming municipal elections.

It is more than 10 years ago that the Conservative Party was the leading opposition party which, with happy voters, entered into the tripartite government. Later on came the heavy defeats and the difficult road back to a meaningful position. Even if the Social Democrats have been long in power, they cannot be certain to remain there. They have not gained an indisputable right to it, and one day they will be replaced. It is the task of the Conservatives to contribute to the existence of this alternative and to see to it that it will enable a government to function. It has, therefore, been encouraging to see during the last few weeks that the Conservatives and the Liberals are entering into a closer cooperation to represent an alternative to the Social Democratic policy. It has been difficult to maintain this cooperation--partly because of Conservative weakness. Its possibilities would, however, be great in the sessional year which will start in a few weeks. And experience shows clearly that a close cooperation between these two parties is the basis for obtaining a change of government.

The Conservative Party has got the strength to open up to others. For it knows that it is anew able to do so without losing anything. When, at the national congress, Ib Stetter will be resigning from his post as party chairman, he may do so with a clear conscience. He has made an important contribution during the long rebuilding process. And he knows that there are again many who are on the way up in the party because it has regained its credibility. While the Social Democratic Party is developing into a debating society, the Conservative Party has found itself as a party.

7262

CSO: 3106/174

## BRIEFS

SDP CONGRESS DEFENSE STAND--The Social Democratic Party is now preparing a more intensive debate on the defense structure. The defense agreement just entered into which was adopted by the Social Democratic Folketing group despite 14 negative votes, did not on the first day of the SDP congress occasion any actual storm on the party leadership. However, it yesterday seemed that the proposed resolution from the congress which will be adopted today will come to include a decision to set up a defense committee which will prepare an actual debate on the structure of the defense in the coming year. Proposals are expected to be made from the Århus county. It is also expected that there will be proposals for the Social Democratic Party to maintain the present depot and reinforcement policy. But the chance of this proposal being adopted seems more uncertain. In his introductory speech at the national congress, Prime Minister Anker Jørgensen said that it was decisive for entering into the defense agreement that the developments in the area of defense would, under no circumstances, indicate that Denmark would be joining an international arms race. Anker Jørgensen established that the defense program with its 2 percent increase in the budget over a period of 3 years is on quite a different level from the one desired by the Liberal Party and the Conservative Party. "Fundamentally, the defense agreement is based on our move," Anker Jørgensen said. "The fact is," he said, "that the share of the defense costs in the public resources is falling." Although there were no major attacks on the government, a number of delegates did, however, criticize the additional defense costs, describing them as unnecessary, and several delegates proposed that Denmark will now have to spend money on actual peace research. Foreign Minister Kjeld Olesen said in a statement that the domestic defense debate is out of proportion, and that the basis for exercising an influence in international security policy matters is a domestic broad support behind the defense policy. He stressed that, together with the other small NATO countries, Denmark must, in every way, continue doing its best to maintain the efforts toward relaxation. [Text] [Copenhagen BERLINGSKE TIDENDE in Danish 5 Sep 81 p 6] 7262

SDP CONGRESS BACKS 'ZONE' --At its national congress held yesterday at Aalborg, the Social Democratic Party moved one step closer toward the establishment of a nuclear-free zone in the Nordic countries. Last night, the national congress of the party adopted a resolution to the effect that the Social Democratic Party will work to prevent nuclear weapons on Danish soil. An appendix to the effect that the ban against nuclear weapons on Danish soil would only apply "in times of peace" was omitted. This decision was made at the request of the executive committee of the party. Prior to the adoption of the resolution, Prime Minister Anker Jørgensen warned that omission of the words "in times of peace" will become the subject of various interpretations in the future. He said that omission of these important words is contrary to the party's program as such, but he stressed, moreover, that the question of a nuclear-free zone will become the subject of negotiations in the coming year, and that the wording only commits the party to work toward a ban against nuclear weapons being stationed in Denmark. [Text] [Copenhagen BERLINGSKE TIDENDE in Danish 6 Sep 81 p 1] 7262

CSO: 3106/174



## SIUMUT CHAIRMAN SUGGESTS EC ASSOCIATE STATUS

Godthaab GRØNLANDSPOSTEN in Danish 26 Aug 81 p 37

[Text] At its meeting on 21 August 1981, the executive committee of Siumut [socialist, radical home-rule party] discussed the future alternative possibilities of association with the EC should Greenland withdraw from the EC after the referendum to be held on 23 February 1982.

The executive committee's evaluation of the situation is that Greenland's interests may be best served by giving the home rule government the right to control the fishing resources of Greenland and the development of the Greenland society--without leaving the decisive decisions to the EC.

This is the primary background to the desire on the part of the executive committee to limit the EC treaties in such a way that EC legal documents will no longer apply to Greenland. The executive committee wishes in this connection to point out that the desire for Greenland to withdraw from the EC does not stem from any criticism of the EC but is merely a result of the fact that the extensive European cooperation among the economically and culturally related EC member states cannot be adapted to the Greenland situation. Greenland, in no way, wishes to exert its influence on European conditions, but, by its withdrawal, it will merely ensure that the development of the Greenland society and its industry and trade will be decided upon by the county council.

After the withdrawal of Greenland, if at all, there are in practice two possibilities of alternative EC association: Either an associate status corresponding to the arrangement for the majority of the other EC self-government or home rule areas, or a third country arrangement corresponding to the fishery and trade arrangements of the Faroes with the EC. The associate status arrangement involves freedom of duty for Greenland's exports to the EC as well as the obligation not to give differential treatment to the EC countries or put these in an inferior position compared with any other third country in the relations with Greenland.

An associate status will not mean limitations of the rights of the county council and the Greenland government to safeguard their own affairs within the framework of the Greenland government, just as an associate status will make it possible to pay special attention to the country.

An associate status will thus involve, among other things, that the fishing authority will revert from Brussels to the Greenland government and county council.

An arrangement corresponding to that of the Faroes involves no obligation to give preferential treatment to the EC countries or their citizens, but, under this arrangement, duty will, to a limited extent, be levied on exports from Greenland to the EC.

The executive committee of Siumut will, therefore, suggest an associate status to the Greenland government and the parties of cooperation within ANISA as the basis for negotiations with the Danish government.

On behalf of the executive committee of Siumut.

Jonathan Motzfeldt  
Chairman

7262  
CSO: 3106/175

## JØRGENSEN APPROVES SUGGESTION OF EC ASSOCIATE STATUS

Godthaab GRØNLANDSPOSTEN in Danish 2 Sep 81 p 18

[Text] At a meeting last Thursday with Prime Minister Anker Jørgensen, Foreign Minister Kjeld Olesen and Greenland Minister Tove Lindbo Larsen, Jonathan Motzfeldt, chairman of the Greenland government, informed the Danish government of the alternative possibility of EC association which the Greenland government intends to take up if Greenland's withdrawal from the EC wins the majority at the referendum to be held on 23 February 1982.

"The meeting was a continuation of the talks and contacts agreed upon between the government and the Greenland government with a view to the greatest possible and best possible orientation and exchange of views prior to the referendum," Anker Jørgensen said after the meeting.

Anker Jørgensen went on to say that no decisions had been made at the meeting, but that they had discussed the situation, such as it is at the moment, and that they had agreed to intensify the meetings in the future.

"It is the question of an associate status that we have been discussing at this point but, actually, only to the extent that we have been saying that it is not possible, at the present time, to enter into negotiations regarding such a status, that is to say, if it is at all feasible. This can only be done after the referendum has taken place," Anker Jørgensen went on to say.

Jonathan Motzfeldt, chairman of the Greenland government, expressed his happiness with the meeting and the contact existing between the Danish government and the Greenland government. He said, at the same time, that, on behalf of the Greenland government, he had invited the Danish EC commissioner, Poul Dalsager, to come to Nuuk in connection with the fall session of the Greenland government. "There will then be occasion to discuss the problems in the EC context and to ask questions of Poul Dalsager," the chairman of the Greenland government said.

"It sounds as if the government is active in the efforts to help Greenland obtain another EC status," This was one of the questions asked of the

prime minister at the press conference in the prime minister's office following the meeting, and Anker Jørgensen answered:

"I agree with the opinion that we are active--primarily in respect of the question of providing the people of Greenland with the best possible information and facts, so that the population of Greenland will be able to take a position at the referendum."

"If it turns out that the population of Greenland wants to get out of the EC, it is clear that we shall support them in their efforts to obtain a different kind of arrangement with the EC. We shall not be annoyed. But, for the sake of order, I shall repeat that we have no desire for Greenland to withdraw from the EC. But we are familiar with the situation and shall deal with it in a completely businesslike manner."

Jonathan Motzfeldt pointed out that the Greenland government is quite aware of the fact that an associate status, if arranged, will tie Greenland politically to the EC. "But the main problem is that we would like to have the political powers to govern the Greenland society ourselves--not least in respect of fishery matters," the chairman of the Greenland government said, adding that the opposition of the Greenland people to EC membership is not turned against the EC.

"The question whether the EC should or should not exist is not for Greenland to decide. This is a question which the European nations must find out for themselves. Considering the geographic location and the cultural and political situation of Greenland, we only want to try to find some other form of cooperation with the EC. A status that suits us and not just one which is imposed on us--like an anorak pulled down over our heads," Jonathan Motzfeldt said.

To this Anker Jørgensen replied that the decision made by the Siumut party was a very sensible one, and he considered it sensible to adopt the position expressed by Jonathan Motzfeldt.

7262

CSO: 3106/175

## MOTZFELDT SEES INCREASING CHANCE FOR REMAINING IN EC

Copenhagen BERLINGSKE TIDENDE in Danish 23 Sep 81 p 6

[Text] A strong political struggle in Greenland in connection with the forthcoming EC referendum has come to leave its mark on the opening debate of the fall session of the Greenland government.

The leader of the opposition, Lars Chemnitz, accuses the chairman of the Greenland government, Jonathan Motzfeldt, of confusing and trying to persuade the voters to vote against the EC by holding out to them lots of possibilities in an associate status agreement with the Common Market.

Jonathan Motzfeldt, Siumut [socialist, radical home-rule party] said in his speech during the debate that he felt quite certain that it would be possible for Greenland to obtain an associate status arrangement with the EC if the voters voted against the EC in the referendum in February. He admitted that a withdrawal from the EC might involve certain economic disadvantages but pointed out that withdrawing from the EC would be the "soundest thing for the people as well as for the economy" in the long run.

The opposition leader from Atassut [moderate, pro-Denmark party], Lars Chemnitz, said that the statements made by the chairman of the Greenland government were in conflict with the statements made by Prime Minister Anker Jørgensen. Lars Chemnitz, moreover, said that the desire for an associate status arrangement signified a reversal of the earlier policy of the Siumut party.

"We regard this as a recognition of the fact that we cannot after all do without the EC," he said. Jonathan Motzfeldt denied that there had been any changes in the policy of Siumut. "We have all the time been promising to look into possibilities of alternative arrangements to EC membership, and after long consideration we have reached the conclusion that an associate status arrangement is the best alternative," he said.

7262  
CSO: 3106/1



## GAUS ON PRESENT, FUTURE FRG, GDR RELATIONS

Hamburg DIE ZEIT in German 11 Sep 81 p 16

/Excerpts from lecture by Guenter Gaus, former chief of FRG mission in East Berlin, at Arnoldshain Protestant Academy/

/Text/ Half a year ago Guenter Gaus, at the time Bonn's chief of mission in East Berlin, created a furor by his remarks made in the course of an interview with DIE ZEIT: "Do we really need to talk that much about the nation?", he asked. In a lecture to the Protestant Academy at Arnoldshain he has now expanded on his views. DIE ZEIT is publishing excerpts from that address.

The preamble to the FRG Constitution states "the entire German people continues to be called upon in free self-determination to complete the unity and freedom of Germany." A few sentences before we read that, "inspired by the wish to preserve its national and state unity" this constitution was adopted "in order to institute a new system for the life of the state in the period of transition."

A corresponding commandment was enacted at the time by the legislators in the other partial state of the common fatherland, dominated by the east; at least insofar as it had outlasted the war as German territory.

For the majority of Germans who had managed to escape with their lives, this undertaking by Bonn and East Berlin was certainly more than an empty phrase. Most considered Bismarck's national state a matter of course. At least initially even conservative-Catholic politicians, for whom Prussian centralism had been a constant irritant, did not think that the Elbe should represent the German border rather than a German river.

Nobody in Berlin had as much as an inkling of the future wall; on the contrary, for many years all-German considerations were aggressively pursued. Quite a long time elapsed before German unity as a concept declined in our West German consciousness from daily awareness to something brought out--almost shamefacedly--on holidays only.

That is exactly where we are now with regard to unity--it is mentioned in festive addresses given in the shade of decorative laurel trees to the accompaniment of string quartets and, of course, in academia. It has become an academic topic, its preoccupation with gray theory at times brought painfully alive by the real tragedy

of individuals, arising from the division of Germany. At all other times West German handling of the so-called German issue has largely become a matter of ritual.

The vast majority of West Germans have gotten used to the presence of two German states and, at least for the time being, resigned themselves to the division. Bismarck's nation and the Reich created for it are no longer deemed an indispensable necessity--unless of course pollsters ring the doorbell and ask loaded questions. Then nobody wants to look unpatriotic.

West German indifference to the division of Germany is an anomaly. Nor will it continue indefinitely. It will be up to us to see that, as far as possible, the return of the pendulum is arrested at a normal position--in the middle--, so that it should not swing to the other extreme. Even if we should manage this in the coming years and decades, we will have plenty of explaining and pacifying to do: In response to our neighbors anxieties once they recognize that their relative confidence in the Federal Republic Germans is based on a false premise, an anomalous attitude which would not be adopted by any other normal European toward the division of his country. They ought to fear our placidity in the German issue instead of misunderstanding and therefore welcoming it.

Our political lack of emotion, our lack of susceptibility regarding our defects, that which we are missing as a result of the division, are largely due to the persistence of a century-old piece of stupidity which has outlasted the war: The retention of a primitive anticommunism.

I am no friend of communism; I am unable to discern the new man who is needed to realize it. Wherever the attempt is made to create him, he remains a cripple forced into a procrustean bed. Yet I do not wish to be a party to the anticommunism prevailing here.

I maintain that it dominates our attitude to the national issue, to the division, to the GDR. As regards our political behavior, it almost blinds us to the fact that those living over there are our compatriots. It is responsible for our looking at those over there first of all as enemies who--and that is surely a charged term if ever there was one--are functionaries and have almost ceased to be members of the nation. This image presented to us by a version of anticommunism coming to us from overseas, includes a gray mass of serfs; they also are almost depersonalized (with the exception of successful or tragically failed defections) and certainly denationalized because in this guise--gray on gray--they are best suited constantly to reproduce our narrow and primitive anticommunist emotions. We make a bugbear of the GDR by refusing to look at it as a country and people instead as a regime complete with executioners and victims. Anyone helping to fill in this horrific image is a valuable helpmate of those forces in the SED, who have made demarcation the focus of their policy--as a result of their fears and their resentments.

Of course I am exaggerating somewhat. Bonn's treaty policy of the past 10 years has relatively normalized our relations with the other German state and to some extent helped to ease tensions. West German correspondents in the GDR have done their duty as accurate reporters--often in difficult working conditions, due in part to insecurity, in part to the harassment of many GDR organs. In this field their efforts assume the dimension of a patriotic duty. Many thousands travel to the other

part of Germany, and not only for family reasons. They therefore know it better than to believe the all too frequent superficial reports which often and quite deliberately dwell only on the darker aspects. We owe them our gratitude.

This West German anticommunism, reinforced by every fearful look across the border, has dominated Bonn politics at home and abroad. By making it our platform we were able to keep up with our new Western friends who, in the sign of East-West confrontation, at no time dealt with our national interests as a divided people equally with their national needs as happier and undivided peoples (with the exception of the rather different case of West Berlin).

Not that we should reproach them. Despite the annual NATO communique on the German issue--largely a matter of ritual just as everything here connected with that problem--this is not an objective we should entrust to them. Besides, not for a moment would they accept it. What we always wanted was their protection against the communist East, and that necessarily begins on the Elbe, not only from the defense aspect but also in the allies political conception.

Such a concept, in which the FRG joined, is not only possible (as demonstrated by the history of the Atlantic Pact), it can also be a very sensible and appropriate stance maintained patiently to prevent the situation in Europe subsequent to World War II from becoming explosive. For de Gaulle as well as for Mitterand it was and is the best to be had in the way of rational policies for France in the given circumstances.

All German chancellors, though, should always have harbored a second aspiration in addition to the first concern for national defense--consonant with their oath of office: The wish by speech and action to avoid the military border of the pacts on the Elbe from deadening the daily awareness of the transcending special features of German life. It is Willy Brandt's lasting merit to have taken the first difficult steps in that direction.

We have not advanced very far from these beginnings. Even the German-German treaty politics initiated by Brandt and Scheel have not so far been able to reverse the basic attitudes to the German issue of the majority of Federal Republicans.

Confronted with the alternative of ideology or nation, we have usually opted for ideology. Because to do so seemed to serve the prevailing Western interests from the aspects of intellectual preference, national interests and foreign policy (though the final balance sheet is not yet out), we elected to emphasize differences instead of the persisting common features, whenever we were dealing with the German issue. We made the GDR our substitute communist party. The SED regime occupied the foreground and, in our sentiments, overshadowed the country and our compatriots over there.

Not only the complexity of the German issue, the fragility of peace in Europe also must exclude crude black-and-white interpretations to ensure that our politics are ruled by reason, not by emotional anxieties. For the West Germans that means the necessity to overcome--in our appreciation and attitude, both--the restriction of German-German relations to the alternative: Ideology or nation. We are not even justified in replacing the term ideology by that of our freedom. Our attitude to

the GDR must be de-ideologized. If any rationale for this assertion is needed: We cannot conduct a religious war against the SED without involving the people of the GDR.

And the GDR--how is it with the German Democratic Republic? To begin with the GDR population has settled in the conditions prevailing there. People do not spend all their days depressed or rebellious, fists clenched in pants pockets. People in the GDR have developed a great deal of skill in organizing their retreat to private niches from sociopolitical excesses.

Secondly, in many good as well as bad habits and traditional values the GDR represents something like the last bourgeois state on German soil.

Thirdly, people there are more interested in us than we are in them. Incidentally, that does not mean that we and our society are as highly regarded over there as we sometimes like to flatter ourselves.

Fourthly, it is true that our compatriots over there have reservations about their political system. At the same time most of them consider their republic to be their state, and by no means a majority wish to be annexed by us and lose all their "social achievements" (as they are called in GDR German).

As to the "niche" society, the pragmatists in the GDR Government party are likely to approve the stability factor represented by the relative distance of the niches from the state. Many GDR customs appear oddly touching to West German eyes rather than old fashioned or obsolete--the most apt formulation would seem to be prewar bourgeois.

Not that this should be equated with somnolence or outdatedness. In many respects people in the GDR are more knowing, more alert than West Germans. However remote their private lives, on the average they boast a more highly developed political awareness. At the same time habits and traditional values (even within the SED) suggest the ironic though not malicious punch line of the GDR as the last bourgeois state on German soil.

Everybody is quite aware that this judgment does not apply to politics. It amounts to an overstatement even in the private sector, and that would remain true if we were to use the term petit bourgeois--more correct from the aspect of the population structure. Still, for many reasons traditional family structures, positive and negative attitudes to the social environment, standards of behavior, sentiments and resentments have persisted over there to a far greater extent.

No doubt even those GDR citizens who have little use for the SED, have been involved in many developments initiated and determined by the ruling party to the extent that they have by now become a matter of course and nobody any longer remembers their origin. As to the regime, the value concepts of the GDR population are a mixture of keeping their distance and involvement--conscious as well as unconscious.

Also mixed are our compatriots attitudes to the FRG. We all know that they view our television transmissions (with the exception of the Meissen dip where nature interferes with reception). No longer to they need to hide their participation in



our television culture and its excitements, melodramas and banalities--but also the establishment of values based on our politico-cultural system. Without a question our FRG is the major dimension of comparison for the people of the GDR. Even SED propaganda takes this into account--unintentionally or intentionally?

Even without visiting West Germany a GDR citizen knows a good deal about us--far more than we know about him, despite more than 8 million West German trips annually to the GDR. And that alone is one reason why we are not quite so popular among them as some of us like to think. Once family news has been exchanged, German-German family groups are often subject to sad and embarrassing silences.

Not only do some interpretative difficulties with regard to private situations and developments result in certain contradictions in the attitude to us of people over there. Our compatriots are also sometimes at a loss to understand certain aspects of our public life. Though they poke fun at the pomposity of their media, some undertones here, anything which gives the impression of a total lack of respect, tends to evoke questions from them--not whether that is allowed but whether it is the right thing to do. A lot which we feel inclined to boast of as demonstrating our emancipated political culture not only collides with the politico-stylistic concepts of the system in the GDR but also with the taste criteria in the niches.

Many GDR intellectuals have the impression that the FRG is unduly subject to Nazi influence. Some SED members sincerely and without propagandist intentions persist in an image of the capitalist society, which originates almost exclusively in the 1920's and takes hardly any account of postwar sociopolitical developments in Western Germany. Nobody ever told me that we should not have entered into relations with the GDR in order not to lend importance to its leadership.

Certainly, people in the GDR have reservations about the communist one-party system; annoyance or resignation with regard to bureaucratic sloth and the lack of readiness to accept responsibilities; mistrust of growing demands on their work. The most frequent complaint is directed against the lack of free movement. None of this, though, has prevented the widespread feeling that this is their state. It is not necessary in the GDR to be a party member to take pride in the reconstruction achieved in far more difficult conditions than in West Germany.

I have asked myself whether the German Democratic Republic would last even 1 day should the Soviet Union let Central Germany escape from its sphere of influence. The objections to such a question are obvious. Nevertheless I will risk an answer: Much would change. Nevertheless people there would not wish to be simply taken over and in every respect, without exception, forced into our politico-social mold.

In view of this diagnosis I would once more issue a warning against thoughtlessly and across the board to push the concept of the nation used by the founders of the Federal Republic before reviewing it in the light of the present. A divided Germany has a claim to be properly reconsidered. Every time the Bismarck concept of the nation--not initiated by him but used to describe the Reich he created--is now used carelessly, we stifle this necessary reconsideration. That may be a matter of indifference to those--over there as well as here--who think that the German issue has been settled by the division, and many do think so. On the other hand those who, like I, fear the political neuroses likely to arise from the anomaly of



indifference, of apathy in the presence of our intellectual-political incompleteness, the persisting lack of harmony between our politico-emotional budget and that of our neighbors--those who fear all this cannot accept that the concept of the nation established in the last third of last century should now be wielded as a club to stop discussion.

For two reasons the Bismarckian nation, still properly accepted in the preamble to the constitution, is now out of date as an ideal, a program for resolving basic German problems. For one the consciousness of its content has ceased to exist. Secondly the state embodying it cannot be restored without war, and a European war for its restoration would destroy every part of Germany on the very first day. Should a reunion of FRG and GDR ever take place and yield a united Germany, this would--internally and externally--result in a state differing totally from Bismarck's which is irretrievably lost. This appreciation, though, must not be equated with the Latin "*finis Germaniae*."

Ten years ago, in the context of an internationally favorable constellation, Willy Brandt's and Walter Scheel's Germany policy first arrived at the proper conclusions from the national realities in Germany. It also, in tune with the times, pursued the appreciation that only full recognition of the status quo in Europe could lead to a gradual change. If change were to come too quickly, our Continent would experience its most perilous years since 1945, run the risk of sliding into a prewar situation. Who would be bold enough confidently to exclude the possibility that we are indeed living in such a situation? Any chance for the evolutionary improvement of the status quo is necessarily linked to a sense of reality, even though this may signify a painful leave taking for some and some things.

Thinking through the given circumstances for us Germans sets us free for another relaxation of tensions between the Federal Republic and the GDR. It reduces the politico-psychologically dangerous distance between that which we think about the division in our daily lives (provided we think of it at all) and that which we say on the subject on festive occasions. It may also recapture some phantasy in German politics without, however, nurturing illusions. After all, every definite step forward requires the genuine (including internal) appreciation of the realities. We may then acknowledge and draw conclusions from the fact that Central Europe in its national organization after 1870, not to be reproduced for the reasons quoted, experienced some of its worst times as well as some of the best.

Internally and externally both German states are very different both in context and organization from their status in the founding year 1949. Changes are occurring here and there. Unfortunately they do not automatically result in convergence (and reverses and negative changes will always happen, here as well as there). Still, just think what we might achieve in the way of long-range and truly far-sighted agreements provided we give up--without reservations and afterthoughts--the fiction that the GDR is basically a temporary phenomenon, and that, once it has vanished, the German Reich of 1871 will reappear. Treaties could be drafted--patiently and persistently--based on political configurations such as proliferated once upon a time in that part of Europe, which is Germany.

These are not meant to be plans for a confederation or something similar to happen tomorrow or the day after. But complete appreciation of the realities, which I tried to set out will--in the appropriate international conditions for the preservation or return of which we must also work--make possible the gradual approach to a qualitatively different relationship with the GDR.

While, inevitably, I am keeping in mind all-European links, I certainly do not advocate a West European federation often described by many Bonn politicians as a first step also to the settlement of the German issue. On the contrary: Though certainly necessary from the economic aspect, the European Community as it operates is by no means always conducive to the resolution of our basic problem. Sometimes, considered from a long-range standpoint it actually tends to be inhibiting.

Foregoing the opportunity to conclude bilateral commercial treaties with the East European states, for example, has further narrowed the scope of the CEMA nations-- never generous to begin with. It is time for Bonn to scrupulously and as a matter of routine to review every measure up for decision in Brussels in order to establish what it may signify for divided Germany. Our daily practice of politics must set out German priorities. They include the uncomfortable appreciation that we must resolve our problems with the GDR by dealing with the GDR. Detours by way of its big brother have usually turned out to be costly.

The latest history of the Germans and their states has elevated the identity of the German nation to the status of an issue. The answers to be provided will not be academic.

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## LEROY ON GOVERNMENT, PCF POLICIES; MINISTERS; U.S. POLICIES

Paris L'HUMANITE in French 14 Sep 81 p 4

[Speech by Roland LeRoy at Fete de l'Humanite]

[Excerpts] The Fete de l'Humanite has been going on for 50 years, but this is only the third time that it has welcomed communist ministers.

It is marked by the far-reaching event that took place in our country at the beginning of the year.

Not only does our festival celebrate that event, but it bears witness to the fact that its initial effects have begun to touch our lives.

Other important measures have been announced and are going to be submitted to Parliament. The process begun this summer continues.

But while the workers express their satisfaction and their trusting anticipation, they are nevertheless gravely and legitimately concerned by the two dramatic questions of unemployment and inflation. Our country has 1.85 million unemployed and that figure may rise to 2 million. Prices continue to spiral and we therefore realize that the effects of the Giscardian policies did not stop with the shot fired on 10 May. Unfortunately, the consequences of the policies of big capital extend far beyond its reign.

#### Election Victory

One must add to this the pressure which the United States brings to bear on the French economy and that of other countries because of speculation on the rising dollar.

Finally and above all, the election victory did not put an end to the class struggle. Big management does not willingly accept any infringement upon its privileges. It steps up its pressure and organizes a veritable barrage against change. Naturally, the CNPF [National Council of French Employers] plays a prime role in this campaign. Its president, Francois Ceyrac, is exploding.

The rightist politicians, from Lecanuet and Deniau to Chirac and Toubon, brandish the spectre of disorder, speculate on difficulties and dream of bringing about the

failure of the new policy. Bergeron, startled at the announcement of the nationalization measures, murmurs: "It would have been better not to go so far!" For its part, the newspaper LE MATIN lends a complacent ear to the pressure of management. Its editor, discreet when it is a question of workers' demands, deems "a tax on capital to be incomprehensible."

We believe that urgent measures are indispensable in order to fight unemployment and inflation.

The serious difficulties facing families at the beginning of the new school year are eloquent. In order for the measures concerning the creation of classes to be completed so that the year may begin under better conditions, lower-income families must receive more aid and energetic measures are needed to control prices.

#### Urgent Measures To Fight Unemployment and Inflation

In general, the purchasing power of workers must be preserved and improved for the greatest number.

The very persons responsible for the budget deficit pretend to be worried. And yet, it is possible to finance the social measures. It must not be forgotten that 1 percent of all households hold one-quarter of all French wealth and 10 percent have half.

Rene Monory, formerly Giscard's minister, grows frightened when he hears about the tax on large fortunes and exclaims: "That tax would discourage the most important business executives." He is right. We want to discourage them from pursuing their policy of firings and layoffs, waste and speculation. That is why, far from lamenting the institution of a tax on large fortunes, as Monory does, we believe that it should be clearer, larger than planned.

Naturally, we know that not everything can be done in a day. We do not practice one-upmanship. Some ask the question: Are the communists lining up, have they given up their objectives? Let us recall that the election victory would not have been possible without the 4.5 million votes for our candidate Georges Marchais on the first ballot of the presidential election.

It is not without interest to remind those who claim that we have abandoned everything of what Georges Marchais said right here, at the Fete de l'Humanite, a year ago. I quote:

"Without waiting any longer, let us thus join together to wage the fight for change. Every gain in the struggles, every change, even partial, is a new position, better conditions for progressing toward deeper changes.

"How fast will that march toward change be? How far will it be possible to go? Everything will depend on the struggles, of the extent to which the people rally around transforming solutions.

"At any rate, we communists are ready. We shall do our utmost to go as far as possible."

That was a year ago. Communists always do what they say. We are behaving as Georges Marchais announced.

### Responding to the People's Expectations

Today, change has been decided upon; that is the main thing. We were the artisans of the election victory. We want to put the new policies into effect.

Naturally, change has limits. The communists did not propose or choose those limits, but they do take them into account. We are not giving up the 131 proposals presented by Georges Marchais, but we respect the decision of the voters who did not choose them.

Today as yesterday, the choice is clear. It is between a policy aimed at reassuring those beaten in the spring and a policy that responds to the people's expectations.

For our part, the choice is obvious. We are for responding to the people's expectations. That is the direction in which we are moving.

It is in that spirit that the communists are acting in government and I wish to greet here our comrades Charles Fiterman, Anicet Le Pors, Jack Ralite and Marcel Rigout.

Eighty days have gone by since their appointment and already, we can all judge their constructive, effective and serious activity for the success of change.

I shall take but a few examples: in the Ministry of Transport, the halting of the policy linked to the Guillaumat plan to dismantle the SNCF [French National Railroads] and to close the secondary lines; in the Ministry of Health, the restoration of the additional hospital budget, the installation of 25 new scanning machines and the extension of leave for personnel; in the Civil Service, the creation of 83,300 jobs before the end of 1982 and the abrogation of the Chirac circular making civil servants second-class citizens; and in the Ministry of Professional Training, the opening up of 40,000 trainee posts at the beginning of the year, with an increase in remuneration.

For decades, the working class has been excluded from the exercise of power. Today, the activity of our ministers provides proof of the competency and effectiveness of the communists. It belies the slander directed at us for decades.

It is also in that spirit that communist members of Parliament develop their action, advance their proposals and put forth their observations.

We know very well that change is a continuous struggle. Management does not give up. It tries to halt the process underway, dreams of going backward.

### Artisans of a New Policy

The task is difficult but thrilling. No force for change can remain unused, inactive.



Communists and workers, the artisans of the election victory, want to be and must be the artisans of a new policy.

Those who for a long time claimed that we did not want change, that we did not want to go into the government, now suggest that we would want failure. We do not want failure; we want success.

But in order to have success, we have to do what is said, carry out what is promised. For example, there is a place where things do not change quickly or in depth. It is the field of information, television and radio. The right to expression, the right to information, constitutes a fundamental right of modern man that cannot be exercised without pluralism, a need of democracy.

We do not want to neglect anything. We are for everything that goes in the right direction, everything that serves the people's interests.

Every step forward, every stone laid, is one more point of support for creating a ratio of forces increasingly favorable to social progress. More democracy in all fields, at all levels of national life: That is our innovative concept of the self-management democratic socialism that we want for France and our concept of the path, which is itself democratic, for getting there. It is to the credit of our 22d and 23d congresses that they expressed all its coherence.

There are people who ask how far we have come. Well, we are right in the midst of applying that policy: Positions won, a process embarked upon, provide the possibility of advancing step by step.

What happens here is all the more significant because in the world in movement, there is a place for a France that is the mistress of its destiny and that acts for peace, disarmament and understanding between nations.

Imperialism does not fail to react.

During the latest period, the hegemonic will of the United States has been cynically expressed in aggressive acts and in President Reagan's decision to build the neutron bomb.

#### Making Reagan Back Down

Because the neutron bomb is both a nuclear weapon and a new-type weapon of aggression, opening the way to another escalation in the balance of terror, we have appealed to French public opinion against the criminal decision of the adventurer-president. We rejoice that in France, as in all of Europe named as the target of a future conflict, a broad movement is developing. We want to expand it and right here, in the next 2 days, tens of thousands of persons will sign the enormous petition that will be taken to the American Embassy.

It is but the beginning of our fight. We can, we must make Reagan ~~back~~ down.

We have also welcomed with emotion Irish Deputy Owen Caron, the successor to Bobby Sands, the first in the long list of the victims of the criminal intransigence of the British Government.

Our celebration is therefore also one of solidarity with the Irish people, as well as with the Angolan people, the victims of the criminal aggression of South Africa.

In a restless world, France can and must play an active role for peace, coexistence, international detente and the settlement of conflicts.

We propose that the French Government take all the necessary steps for peace and disarmament.

I wish to warmly welcome the representatives of the brother newspapers and parties, more numerous this year than in previous years: 85 newspapers from 77 countries. They bear witness to the diversity of experience and struggles in the building of a socialist society, in the fight against capitalism, underdevelopment and oppression. The French Communist Party and L'HUMANITE greets them and expresses our active solidarity in the common fight for peace and disarmament, the freedom of nations and a new world economic and political order.

### Being Themselves

More than ever, we are the party of the working class, fighting for the unity and action of the people's forces for peace, independence and freedom.

In the new majority, in order to move forward, in order to respond to the hopes raised, the communists participate in France's government. They are not thereby the party of the government. Neither are they its unconditional spokesmen or supporters of one-upmanship or demagoguery.

Their original and irreplaceable contribution to the undertaking is expressed every day, in the workyards of change.

It is by being fully themselves, because they are and remain fully themselves, that the communists intend to do everything to succeed.

It is a guarantee, an asset, for workers and for France.

More than ever, as you can see, the people of France need a stronger Communist Party. Without us, there would have been no election victory yesterday. Without us, there would be no new policy tomorrow.

Strengthening the Communist Party is the ambition which our Central Committee outlined in June, viewing the prospect of the growth in our influence.

The new situation supplies us with the means.

Become communists: That is the appeal I make to all those of you who want to join the thrilling fight of the communists today. You young people, as numerous as you are every year at La Courneuve, give meaning to your lives by joining the Communist Youth Movement.

The Fete de l'Humanite 1981 will go down in the history of our newspaper as the one of a new thrust of the people of France toward social progress, democracy and socialism.

## ELECTORAL STRENGTH OF COMMUNIST PARTIES ANALYZED

Athens TO VIMA in Greek 4 Sep 81 p 9

[Article by Giannis Fatsis: "The Marginal Left Unites and Breaks Up"]

[Text] Two electoral groupings will represent the out-of-parliament left in the elections of 18 October. One is that which will be forged around the organizations of KKE m.l. [Communist Party, Marxist, Leninist] and "Makhitis" [Fighter]. The other will be around EKKE [Revolutionary Communist Movement of Greece] and the m.l. KKE [Marxist-Leninist Communist Party]. Which of the two groupings will move up and win the major part of voters who belong (irrevocably) to the out-of-parliament Left? In the 1977 election EKKE had prevailed (over the other kindred organizations). It received 11,895 votes. The Popular Democratic Unity [LDE] received 8,839 while the Trotskyite Workers' Internationalist Union [KDE] took away 1,032 and finally the "Makhitis" 321 votes.

In the 1977-81 period there were changes in the influence exerted by the corresponding organizations on the small (but dynamic) mass of voters in the out-of-parliament Left. This is verified by the present study of the forces that operate in this area.

KKE m.l. is playing the key role. It was founded in 1974 by cadres who had broken away from the "Organization of Marxist Leninists of Greece" (established in 1967). With the events in China, certain KKE m.l. cadres broke off and formed the m.l. KKE. The organization of KKE m.l. led the other organizations and groups in mobilizations with a dynamic character. But recently the anarcho-autonomous groups "overshadowed" with their initiatives the activities of KKE m.l. and have put it in second place from the point of view of impressions.

Nevertheless, KKE m.l. is the best structured organization in this area and is now strengthened with the cooperation it had initiated with "Makhitis" which had a noteworthy "fighting presence" in the past. Makhitis was initially established in 1970, self-dissolved in 1975 and was reconstructed immediately by simple cadres who since that time have been continuously active.

## EKKE Breakup

EKKE lost its old power because of the splits that took place in the 1978-80 period. A significant number of cadres left the party and either became inactive

or joined other organizations of the same persuasion. Today the prospects of 1977 no longer exist for EKKE even though it has been cooperating lately with the m.l. KKE and will go with them to the polls. KKE m.l. and Makhitis hope that more (possibly two) organizations will join them in the election or "will support critically" their ticket.

One should not rule out the possibility that some of the Trotskyite organizations will go to the election alone aiming at the 1,000 votes they received in 1977. The next few days will reveal the intentions of the Trotskyites. It remains to be seen what the "autonomous" will do, acting as individual voters. Their intentions, however, may not be made known even after the election.

#### "What Shall We Do in the Election"

"What shall we do in the election?" This question is raised by the organizations and the unaffiliated partisans of the out-of-parliament Left. "We'll do nothing." This is one point of view which does not consider the election a "framework for struggle" and refuses to participate in "functions of the bourgeois state."

"We should do something in the election." This is a "thesis" which sees the election as an opportunity to exercise (unhindered in free fields) propaganda by certain (militant) organizations in the area "and to show their colors." This happened also in the 1978 municipal elections when they elected a (small) number of EKKE members to the composition of city councils.

The two views continue to conflict with each other. Each organization and unaffiliated person has a different view on this question. This is a feature of the out-of-parliament (marginal) Left (which is referred to as "the Revolutionary Left" by those active in its area).

In certain cases the question of elections has intensified the conflict between the two groups, has increased the confusion found in some of them and gave the opportunity to their cadres to seek (the least painful) line that would not betray their revolutionary principles.

#### The Phobia of "Taking Over"

The view, however, which prevails today in this area is that the forces of the marginal Left (organizations and unaffiliated) can align together in the electoral phase. And to strengthen this view they refer to certain (past) mobilizations when all (or almost all) the forces in this area "acted together," such as during the period of the takeover of the campuses of various universities, the events during last year's anniversary of the National Polytechnic School, the case of the "anti-terrorist law," and the mobilization of factory syndicalism.

Nevertheless, there is another (opposite) view advanced: The organizations of this area have fought against each other in many cases and it is strongly claimed that these conflicts were quite fierce.

a. The various ideological shadings which "identify" these organizations (and the unaffiliated of this area) are a basic cause for their confrontation on questions emerging from time to time.



b. These shadings are also the main cause of the emergence of several (small) parties, organizations and groups which have two characteristics: overblown dynamism and a small membership.

c. However, the few members of these organizations continue to insist on the view that the alliance must be built around their particular organization. This intensifies the differences which exist among them and hinders (any) efforts toward their unification.

For this reason another view has been formed: unity (even in view of the election) is unthinkable since (they say) each organization is trying to "take over" the others and to push an electoral program identified by its ideological platform. EKKE hurled this charge openly against KKE m.l. But other organizations of the marginal Left had hurled the same accusation against EKKE in the past when EKKE was all-powerful (and monopolized the representation of this area).

This phobia of takeover is causing a variety of reactions. Thus, one hears: "You suffer from megalomania," "you have single-party views." But we also hear that "with the breakup of our forces we have become burned out cinders." And also the derision: "My party, my castle and peasants from 40 villages."

In view of these theses and reactions it is easy (as well as difficult) to have electoral cooperation among the organizations of the out-of-parliament Left. "If we do not want to be left out we must get together and we have an opportunity to do so during the coming election." This is the thesis supported by the organizations that want to cooperate. They add: "We can go out on the squares and the streets and say whatever we like."

"There is another way--in addition to the election--to say certain things," say the organizations which oppose cooperation. The "other way" is a daring process.

#### Against Everybody

The "unifying" effort of KKE m.l. and Makhitis was termed "initiative for the intervention of the revolutionary Left in the election" and gives the outline of its existence and objectives with the announcement that it seeks to open the way for a "mass leftist revolutionary movement" which it sees "outside the framework of today's left opposition and independent of any bourgeois influence."

More specifically, it declares that it opposes reformism saying that "the genuine change does not come with the gradual transformation of today's society." For this reason its target is PASOK, KKE and KKE-Interior. It also declares its opposition to the Right saying that "our fight against the Right is a fight against the government of the Right." For this reason its target is the New Democracy.

The two militant organizations of the out-of-parliament Left do not expect, as they say, that all the organizations in their area will unite. "The area of these forces is multi-faceted," they say, and they observe that these forces "have great ideological differences among them and they do not agree on the strategy of revolution," acknowledging that "today an effort for unification on this basis would have negligible results."



The two organizations say that what they want (by addressing their kindred organizations and groups) is only "a tactical unity" which they say is a "movement," a "current" and not a front of organizations having the ambitious goal "of opening the way for a radical leftist revolutionary movement."

#### For a Paragraph

Last Wednesday a meeting was held at the Akropol Hotel. The meeting was organized by KKE m.l. and Makhitis. The impressive aspect of the gathering was the large number of participants. The corridors and every part of the hall were filled with people.

Another feature was that the participants were not only members of KKE m.l. and Makhitis. There were also members of other organizations from the out-of-parliament Left, which often are in conflict with them on questions raised by political action. Even more, members of certain organizations spoke and criticized (strongly) the cooperation of KKE m.l. and Makhitis, expressing at the same time their views and presenting their argumentation in favor of the unity they themselves advocate. Nevertheless, it was noted that after each speech from an "opposition" speaker, a speech from a member of the two organizations followed (by design or by accident) giving an immediate answer to the (opposing) views just presented.

In this way, the two organizations won the "battle of impressions," as they confronted (in a theater) a host of other organizations. Certain "opponents" denounced this tactic but the KKE m.l. spokesman offered a solution: "Go and rent a theater, too, and do whatever you please." This ended the complaints "on procedure."

One more characteristic was that in this large gathering there were great differences on the theses presented by the various speakers as well as minor details which made cooperation among the organizations impossible. There was opposition expressed regarding the "electoral illusion." It was argued that the target of the organizations should be the fight against the bourgeois state and not the participation in the election held by the bourgeois state/ "to hoodwink the masses." It was mentioned further that the disagreement between KKE m.l. and EKKE was caused by one paragraph in a declaration which was to be made public. (This text had 116 paragraphs!)

Finally, another feature of this gathering was its duration. It started at 1930 hours in the evening and ended at midnight. There were 14 speakers. Interventions from the audience did not take place (or they were not permitted).

#### In the Periphery of Impressions

In the periphery of electoral impressions there should be (some limited) interest in the electoral presence of the out-of-parliament Left. The organizations of this type know that they will remain "out-of-parliament." They do not hope to enter parliament--something that worked differently in our neighboring Italy.

But the present goal of those organizations is to capture the limit (estimated) at 30,000 votes. In this area the battle is for these 30,000 votes.

## ELECTORAL SYSTEM HURTS NEW DEMOCRACY PARTY

Athens TA NEA in Greek 9 Sep 81 p 3

[Article by Angelos Stangos: "ND Party Will Fall Into the Grave It Dug (for Others)"]

[Text] The New Democracy Party is losing the elections. An important factor for such a result is the electoral law it itself "cooked up" and "shaped" to fit the Right but which will now boomerang against it. ND will thus fall into the very grave it dug for others and will lose [Chamber of Deputies] seats since all signs indicate that:

a. If there is a party which hopes to lead by a large percentage in the coming elections, that party will be PASOK which will benefit from the provisions of the electoral law which until now favors the Right.

b. If ND comes out of the elections as the leading party, its percentage difference from PASOK will be minimal and therefore both parties will share almost equally the benefits provided by the electoral law. The same will be true of course if PASOK comes first with a slight difference; but PASOK is not the party that fashioned this electoral law.

These alternate and realistic possibilities make it necessary to give an interpretation of the electoral law and to explain the impact it may have on ND in various election districts and particularly those districts where the party gained seats as a result of the second and third distribution [of votes].

'Plus One'

The electoral system the Right has chosen following the fall of the dictatorship is known as the "reenforced proportional" [electoral system]. The new element in this system is the so-called "plus one" which is supposed to eliminate any partiality in favor of the major party. In reality, however, the hubbub about it was greater than the substance. The "plus one" reduces to some degree the electoral vote calculation base and therefore leaves fewer seats available in the second distribution in which only the leading parties participate.

More analytically, the electoral system under which the Greek voters will elect their government on 18 October provides the following procedure for translating the party votes into [parliament] seats.

1. First Distribution: The total number of valid votes in each district is divided by the number of seats to which the district is entitled increased by one. (For example, Aitolokarnania is entitled to nine deputies. The total number of valid votes cast will be divided by 10 [nine plus one].) The result of this division constitutes the electoral vote calculation base or "quota." The total votes cast in a specific district divided by this quota gives the particular party a corresponding number of seats. The party candidates are elected in the order of votes each has received. One should avoid the usual misunderstanding that for a candidate to be elected the number of personal votes he received must be greater than the vote calculation base.

2. Second Distribution: Only parties receiving at least 17 percent of the total votes cast throughout the country can participate in the second distribution. For grouped parties [coalitions] this percentage rises to 25 percent if the coalition consists of two parties and to 30 percent for a three-party coalition. If only one party exceeds 17 percent of the total vote then the party receiving the next highest percentage participates in the second distribution also. The seats left over from the first distribution are being divided as follows:

#### The Districts

The country is divided into nine larger [electoral] districts. In other words, the 56 regular election districts are incorporated into nine larger ones known as "major districts" which are:

The First District which includes the first and second Athens election districts, the first and second Piraeus districts, the remainder of the Attiki nome and the nomes of Voiotia, Evvoia, Fthiotis and Fokis.

The Second District which includes the nomes of Argolis, Arkadia, Korinthia, Lakonia and Messinia.

The Third District which includes the nomes of Aitolokarnania, Akhaia, Evrytanis, Zakynthos, Ileia and Kefallinia.

The Fourth District which includes the nomes of Arta, Thesprotia, Ioannina, Kerkyra, Levkas and Preveza.

The Fifth District which includes the nomes of Grevena, Karditsa, Kozani, Larisa, Magnisia and Trikala.

The Sixth District which includes the first and second Thessaloniki districts and the nomes of Imathia, Kastoria, Kilkis, Pella, Pieria, Serrai, Florina and Khalkidiki.

The Seventh District which includes the nomes of Drama, Evros, Kavala, Xanthi and Rodopi.

The Eighth District which includes the nomes of Dodekanisos, Kyklades [Islands], Samos, Lesvos and Khios.

The Ninth District which consists of the Irakleion, Lasithion, Rethymni and Khandia nomes.

## The Seats

To find out how many seats each party will receive from the second distribution we divide the total of votes received by the parties participating in it in the "Major Electoral District" by the total of seats left over from the first distribution in each of the nomes included in this major district. The result is the quota for the second distribution. Each party participating in this distribution will receive as many seats as those resulting by dividing the total votes received by the party by this new quota. The problem now remaining is to find out the election district [included in the Major Electoral District] where the party will receive the seats from this distribution. To solve this problem also we add the votes of the parties participating in the second distribution to those of the election districts or nomes where there was a remainder of seats from the first distribution. We divide the resulting sum by the remainder of seats in the specific district or nome. The result represents the new quota and each party will receive as many seats as the number resulting by dividing the party's total vote in this specific election district by this new quota.

An exception to the above procedure is the election districts or nomes entitled only to two seats. In this case the party winning one seat in the first distribution will also win the second seat in the second distribution since the average of votes received by its two elected deputies is greater than the average of votes received by the candidates of the other parties participating in the second distribution.

3. Third Distribution. Usually there are some seats left over from the second distribution in which case a new method has been devised for awarding them to the large parties. According to this method, the total of valid votes received throughout the country by the parties participating in the second distribution is divided by the number of seats left over from the second distribution. The result is again the quota for the third distribution. Dividing the total vote of each party by this quota gives the number of seats to be assigned to the respective parties.

To establish which specific seats each party will receive from the third distribution we classify the parties according to the total number of votes each one received. Then we figure the average number of votes corresponding to the elected deputies of each party [to the seats won by each party] in the election district where the remainder seat [from the second distribution] exists. This extra seat is given to the party which has the highest average of votes received by the party ticket. This procedure is continued until the number of seats from the third distribution is given to the largest party and, finally, the second party receives the remaining seats if any are left.

## Comparison with 1977

The indisputable conclusion from this simplified description of the intricate system the Right devised in order to remain in power is that the New Democracy Party is now in danger of becoming a second party or at the most to be hurt by its own election contrivances. This becomes more evident if a comparison is made with the 1977 results.



In 1977 the Greek people were asked to elect 288 deputies--the Greek Chamber of Deputies consists of 300 deputies but 12 of them are elected as deputies-at-large by the parties. Of the 288, only 213 or 74 percent were elected in the first distribution. The remaining 26 percent or 75 seats [deputies] were elected in the second and third distributions with New Democracy getting the lion's share. Specifically, New Democracy won 42 seats through the second distribution compared to 24 for PASOK and 6 seats from the third distribution compared to 3 for PASOK.

This time [18 October 1981 election] the 116 seats New Democracy won in 1977 from the first distribution--and which reached 126 through switchovers--will be reduced considerably not only because of the indisputable PASOK rise but also because the New Democracy Party will once more lose thousands of votes to the National Array [Party].

On the other hand, ND cannot possibly win such a large percentage of seats from the second and third distribution. It has been estimated that in the event only two parties participate in the second distribution as in 1977--and as it is expected to happen again in 1981--the seats left over from the first distribution will be distributed in a 2 to 1 ratio in favor of the party getting most of the votes if the difference in its votes from those of the second large party is between 9 to 18 percentage points. If this difference is smaller than 9 percentage points then the seats from the second distribution may be almost equally divided between the two parties.

In 1977, ND received 41.84 percent of the total votes and PASOK 25.34 percent--a difference of 16.50 percent between the two parties which explains why ND received 72 seats in the second distribution and PASOK only 14 while in the third distribution the parties received 6 and 3 seats respectively. If in the next elections the vote percentage difference is not greater than 4 to 5 percentage points the third distribution seats may certainly be equally divided between the two parties. If this difference is greater than 6 percentage points then the largest of the two parties [the one receiving the most votes nationally] will be favored. The present outlook favors PASOK and, therefore, if the vote difference this time between the two parties is large it will be in favor of PASOK and the 1977 conditions will be reversed.

#### "Marginal Seats"

It is evident from the above that the ND "marginal" seats are those the party received in the 1977 second and third distributions and, in some ways, the election districts where ND won these seats may also be considered marginal. This does not mean, of course, that ND will lose all second and third distribution seats but it will certainly lose many of them. In this sense the ND marginal seats and districts are:

#### Second Distribution

First Athens [District], I. Fikioris; Second Athens [District], G. Papakonstandinou; First Piraeus, D. Alibrandis; Second Piraeus, I. Tragagis; Remainder of South Attiki, A. Mikhail; Voiotia Nome, D. Papaspyrou; Evvoia Nome, M. Kakaras (also Ang. Pnevmatikos who was elected as a ND candidate but who today is an independent deputy); Fthiotis Nome, K. Triandafyllou; Fokis Nome, D. Khloros; Argolis Nome,



I. Minaois; Arkadia Nome, V. Mandzoris; Korinthia Nome, Th. Rendis; Lakonia Nome, St. Minakidis; Messinia Nome, N. Anastasopoulos; Aitolokarnania Nome, N. Papaioannou; Akhaia Nome, N. Patronis; Ileia Nome, K. Gondikas (will not be a candidate for reelection), Khr. Pipilis; Ioannina Nome, Khr. Ioannou; Eerkyra Nome, St. Fakiolas; Karditsa Nome, Th. Balas (he was not a candidate in 1977 but replaced Il. Zogas who was killed in an accident); Kosani Nome, Th. Vyzas; Larisa Nome, Ag. Evstratiadis; Magnisia Nome, K. Prindsos; Trikala Nome, S. Khatzigakis; Imathia Nome, Arkh. Iaiovidis; First Thessaloniki [District], G. Mathaioudakis (it is doubtful if he will be a candidate because he also aims at becoming a Euro-council member); Second Thessaloniki, M. Vardakas; Kilkis Nome, Al. Avramidis; Pella Nome, D. Daligiannis; Pieria Nome, Ev. Sousourogianis; Serrai Nome, I. Khristo lou; Florina Nome, K. Mavridis; Drama Nome, Ath. Takhyridis; Kavala Nome, M. Andoniadis; Xanthi Nome, Tz. Zeibek; Rodopi Nome, St. Eletsas; Samos Nome, Z. Kratsas; Khios Nome, I. Zodis (will not be a candidate); Irakleion Nome, Em. Kefalogiannis.

Naturally, in the first line of fire are ND deputies who were elected in the third distribution and are in direct danger. Moreover, their election was partly due to luck and therefore their reelection in the event their party falls becomes extremely difficult. These "marginal seats" are: Voiotia Nome, P. Tourikis; Lakonia Nome, V. Panaritis; Magnisia Nome, G. Diakopoulos; Pieria Nome, El. Eleutheriadis; Kyklades [Islands] Nome, Ev. Anerousis; Defallinia Nome, P. Gerakis.

#### Vote Losses

ND will experience problems also in areas where deputies elected [in 1977] in the first distribution do not intend to run again. Thus ND will lose "personal" votes given to these candidates in addition to the losses resulting from PASOK's rise. These deputies are [names in parentheses]:

M. Protopapadakis (Kyklades); V. Bounias (Khios); K. Kallias (Evvoia); L. Gallis (Fthiotis); Ath. Gelestathis (Fokis); Ev. Kanonarkhos (Dodekanisos); I. Kondovrakos (Argolis); Il. Papailiou (Arkadia); P. Papaligouras (Korinthia); D. Vlachopoulos (Imathia). Also, Voiotia deputy Th. Konitsas who died was replaced by runner-up N. Ktistakis, while Ap. Markazanis (First Piraeus) and Evstr. Papaevstratiou (Lesvos) may become candidates for the Euro-council and not for the Chamber of Deputies. Finally, D. Karaiskakis this time will be a candidate in the Second Athens District and not in the Aitolokarnania Nome where he was elected in 1977.

#### The "Expansion"

Another category of ND deputies who may not be reelected thus losing their seats to other parties are those who joined ND through the party's "expansion" [of candidate lists] to the "Right" and "Left." These deputies are [electoral districts in parentheses]:

St. Biris (First Piraeus); N. Papapolitis (Second Piraeus); I. Sergakis (Lasi-thion); Ath. Papakhrastos (Trikala). They were all elected as deputies of the Democratic Center Union [EDIK] and later joined New Democracy. Similarly, Ath. Kanellopoulos (Ileia), P. Vardinogiannis (Rethymmon) and K. Mitsotakis who left the Liberal Party to join ND but who are not in danger [of losing their seats].

Khr. Apostolakos (Second Athens) and G. Papaevthimiou (Karditsa) who were elected as deputies of the National Array Right but later joined ND also face the same difficulties as those of the "Left" who joined ND after the "expansion."

In any case, the most important thing is that, in addition to the "marginal" districts and seats or the deputies who will not be reelected for various reasons concerning their persons, ND will lose seats in all distributions mainly for two reasons: because PASOK will receive a large number of votes and because the electoral system ND fashioned will now function at its expense.

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C30: 4621/106

## GEORGIOS MAVROS OUTLINES POLITICAL OBJECTIVES

Athens TO VIMA in Greek 8 Sep 81 p 7

/Text/ In a press conference yesterday, Center Array Chairman Georgios Mavros stated:

"Our country is on the verge of a national crisis. This crisis is due:

"First: To the polarisation of the political forces deliberately created by the government with the electoral system and deliberately maintained through the dangerous preelectoral climate which started immediately after the fall of the dictatorship and has continued for the last 7 years.

"Second: To our economic condition, with inflation higher than that of any European country and with such deficits in the balance of payments which force the country continuously to get new loans, not to push forward our economic development but in order to pay interest on old loans.

"Third: To the condition of the state mechanism which functions so counter-productively that it is a dangerous handicap for the country's economic development. Moreover, the state mechanism is penetrated by such a wave of corruption that the government itself was forced to acknowledge it publicly.

"Fourth: To the total slowdown of economic development, with declining productivity and the inevitable unemployment and underemployment which among the young has reached tragic proportions.

"If one were to add to this the last incidents of terrorist activities in Athens and in the provinces he would get a faint picture only of the conditions existing in our country in this electoral period. Who can guarantee that these terrorist incidents will not recur in the flareup of electoral fever?

"The country needs a calm political climate to face up to the great internal and external problems. But at a time when the whole world seeks a climate of detente, the government fosters tension and fanaticism, hoping that scare tactics and national discord will allow it to stay in power.

"To face up to the current crisis we need a strong government with a broader popular base, a government which expresses the true majority of the people, not

a government based on parliamentary majorities manufactured through the electoral law as has been the case with the governments of the last few years.

"In the coming polarized contest, the role of the Center constitutes a great national necessity. From its strategic location, the Center will fulfill its great mission.

"In all countries having a multi-party system the forces of the Center close ranks today in an unbreakable unity. They are sought everywhere to fulfill their great mission which assures stability and smooth political development.

"It would be unthinkable for our country's center forces to enter the electoral contest in splintered groups feuding with each other. Such a thing would be the greatest contribution to polarisation and the upheavals which would follow.

"The steps needed to deal with the major problems and to avert the crisis threatening us cannot be symptomatic. They must be institutional and they must come from the will and the acceptance of the wider political spectrum. On this, the role of the Center has great strategic significance. To fulfill their national mission the forces of the Center must unite and go to the polls as a single entity. For this reason I call on all the parties of the Center to unite.

"Never before has our country needed the Center as much as today. The Greek people as a whole call for the unity of the center forces. Nobody can ignore this popular mandate.

"Our country today is not governed. It is in anarchy. No political program can be implemented because there is no one to implement it. The government does not exist. For us there are only goals and priorities. These goals are:

"1. Cleaning up our political habits. The policy of all kinds of government expansion undermined the popular trust in the political leadership. The improvement of the state mechanism requires first the return of morality to public life.

"2. The improvement of public finances and of the finances of public enterprises. It is ridiculous to call for the efficient functioning of public enterprises when the administration operates, as acknowledged by the government itself, as a break in the country's economic life.

"3. The restoration of our country's prestige abroad and the implementation of a courageous and steady foreign and defense policy safeguarding our independence and territorial integrity.

"4. The development of local self-government and its relief from the suffocating embrace of the central government.

"5. The end of party control over the syndicalist and cooperative movements.

"6. The consolidation of political, economic, cultural and social democracy, recognizing for all citizens essential rights of health, education, housing and participation in the blessings of civilization.

"7. Establishing the simple proportional electoral system which will restore political normalcy in our country.

"In the context of long-term planning as required by the Greek and international conditions, the proper climate for development will be established to enable our economy to come out of its present slump. These goals are shared by the entire democratic opposition.

"In this regard, our struggle is neither two-front nor multi-front. It will have as its basic objective the removal from office of the party which is responsible for the present crisis, the party which has become a regime because it identifies the national with the party interest."

Mavros, answering questions on the unity of the Center, stated that he means that all center forces should compete in the election under a single party grouping and that further organization of the center forces is a matter for the post-electoral period.

"The establishment of the simple proportional system," Mavros went on, "is a decisive factor in combatting polarisation and restoring a calm political climate and the guarantee of normal political developments in the country."

Answering a question regarding the post-electoral government coalitions, Mavros said that the goal today is to remove the Right from power because it is responsible for the present crisis.

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Mavros said that he totally opposed the terms for Greece's accession to the Common Market because they did not serve the Greek interests but the interests of the nine countries and in certain points created conditions more unfavorable than those under the 1961 association agreement. Greece must try after the election to improve the terms of induction. At this moment, all the basic institutions of the community are being reviewed, together with the great problems which separate the countries of the north from the countries of southern Europe. Greece has a duty to be present and to fight for the protection of its interest and the consolidation of its developmental policy.

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CSO: 4621/107



## KKE-EXTERIOR, KKE-INTERIOR PARTY POLICIES ANALYZED

Athens TO VIDIA in Greek 8 Sep 81 p 7

[Article by V. K. Paikos: "Ideological Directions and Political Policy of KKE and KKE-Int."]

[Text] The result of the 1977 election created a climate of exceptional euphoria in the KKE ranks since conditions were created enabling this party to seek a monopoly of the entire realm of the traditional Left.

Indeed, the 10 percent received by KKE corresponded almost to the entire percentage of the United Left in 1974, while KKE-Int., that is, the party which by its very presence challenges the single expression of communist ideology, was forced to limit itself to a virtually "symbolic" parliamentary representation. Therefore, KKE's relief and optimism is justified, always in connection with the relationships and feuds of the international and the Greek Communist movement.

The KKE leadership felt then that the electoral result justified its policies, that its expectations during that period were fully met, and that it certainly opened a wider road for even more ambitious claims and goals.

The Greek people indeed gave KKE in November 1977 a significant percentage and many multi-sided possibilities. As part of the popular mandate one might say that the party was assigned the role of the "conscience from the Left" for the other political forces.

It is obvious that starting from the [10 percent] share, [KKE] was fully in a position to play a leading role in the popular claims and the political and social struggles. Although the strength of a communist party is not always measured on the basis of its parliamentary representations only, nevertheless, one cannot consider as insignificant the third place taken by KKE in the Chamber of Deputies following the essential breakup of the Democratic Center Union [KIDU].

KKE utilized to a great extent the possibilities inherent in the popular mandate especially in the area of playing a leading role in syndicalist struggles. Although certain quarters accuse KKE of often playing a "holding down" role (a fire fighting role), still it is not easy to seriously question its dynamic participation in the social struggles of the last 4 years.

But KKE has spent most of its efforts in promoting and defending theses relating to international problems and secondly to its further organisational development. Indeed, the international questions, even those which did not directly touch on our country's problems, always touched KKE's most sensitive chords and called its more direct and effective reactions.

Many argue that the basic duty and main care of the party of communist orthodoxy was and remains the support of Soviet foreign policy. Regardless of how accurate this viewpoint is, one cannot but notice that there has never been an issue, even a shading or a side of a question, where KKE's choices differed in the least from those of the "great socialist metropole."

In some cases KKE avoided a militant intervention in order to prevent forthcoming unfavorable developments. One characteristic illustration is KKE's stand on the question of NATO. During the lengthy negotiations for the return [to the military wing], the party limited itself to the rhetorical condemnation of the government's actions. Only after the agreement was finalized did KKE mobilize its followers and youth to carry impressive protest demonstrations. The related moves which could no longer achieve any real results were judged by many as "firing a few shots for the sake of honor." KKE during the post-dictatorial 7 years acted as a legitimate, law-abiding party. To the extent that it adopted this stand out of "sensitivity" for the protection of a smooth democratic process, no one has the right to blame it.

Certain quarters, however, accuse the party of going too far in displaying "loyalty," "wisdom," and "moderation," since its main concern was the defense of Soviet policy in Afghanistan, the participation in Poland's "agony," condemning the neutron bomb as a single threat to world peace, etc.

Its opponents within the [Left] camp feel that KKE's political influence remains much weaker than what its electoral percentage would allow. They recall that KKE's political weight was much greater in its underground years than now when it enjoys all the advantages of legitimacy with all of its deputies in the legislature (with their names and their titles) and with symbols and banners flying freely everywhere.

KKE's low-key political presence may be due to the fact that it does not believe in and does not promote in practice an "aggressive" interventionist policy in the problems of public life. Dominated by the logic of "all or nothing," it feels that as long as the Right is in power nothing can be done, and in this way it is self-disarmed and self-neutralized since this view is a trap questioning the party's value and the effectiveness of the popular struggles.

In many sectors of public life KKE exercises power--some form of power at least. This is in many labor unions, in a considerable part of university student bodies, in cultural organizations and in mass movements of a general nature.

Even though everything today is subject to the legal restrictions imposed by the Right, one could hardly question the objective possibilities KKE has to exert influence in those sectors. According to many quarters from various sides, KKE

is said to employ in all those sectors an autocratic, hegemonistic and "takeover" policy dominated by a purely one-party mentality, while its real concern for the "interests" of each sector is very limited. The inevitable effect of this tactic is, of course, the actual stagnation of the problems and the absence of mass involvement in every effort.

KKE's policy toward PASOK, during the last few months especially, is certainly understandable in view of the election. But it does not advance the cause of "change" and above all it foreshadows the kind of polemic PASOK will face from the side of KKE, if it refuses--as is expected--to accept the logic of the KKE slogan which claims that "there can be no change without KKE..."

Political analysts justly ask whether KKE is not the only party on the Greek political stage which has not advanced in the least its methods of political analysis and its political understanding for several decades now.

When even a section of the Right has revised and modernised--maybe by necessity--its political arsenal, how is it possible for KKE to act and think with the mentality of 1950? Apparently no water has run under the party bridge or the waters have remained too stagnant--to use a favorite old leftist expression--for KKE to see paid American agents everywhere and to condemn for "anti-communism" everyone who expresses even a hint of criticism, and to regard as anti-Soviet anyone who does not regard as sacrosanct all the international "initiatives" of the USSR. And all this in the year 1981!

#### KKE (Interior)

In November 1977 the Greek people did not approve the "Alliance of Left and Progressive Forces," or at least did not approve the way this group was formed, acted and functioned.

The reasons which account for the fact that this ambitious effort--for its initiators and few followers--did not "get off the ground" have been repeatedly and in many ways explained. The basic unit of the "Alliance" and the one among its components which continues to function and to act as a party is KKE-Int. At any rate, it is generally agreed that almost the entire share of votes received by the "Alliance" came from KKE-Int. although this party did not receive the two parliamentary seats corresponding to the popular support of the "Alliance."

In 1977 the people simply gave KKE-Int. the possibility to try once more. This result showed that in the past 3 years, the forces of communist renewal did not succeed, except on a very limited scale, to make known the special character of their mission and even less to influence and to convince. And since they did not appear independently in the electoral arena neither did the campaign help to show more widely what is represented in Greek political life by the local Euro-communist tendency.

Correctly, under the circumstances, KKE-Int. decided that in the new phase after the 1977 election, the party ought first of all to regroup and then to make an effort to put forward in every way its identity and its role. This became the strategic goal and the core of its entire policy in the 1977-1981 period. Possibly

in the confusion caused by the surprise of the unexpectedly extensive defeat and by the hastily convened party congress, the party was unable to plan with calmness and certainty the moves which were needed to achieve the desired goals.

It is also possible that it "sold out" cheaply--in effect it "gave away"--the dynamic which certainly was inherent in certain aspects of the "Alliance" which it might have used for its benefit had it not deserted it hastily.

The strangest part, however, is that KKE-Int. felt after 1977 strange "guilt feelings." It felt pressure and the burden of almost all the accusations hurled against it for 3 years by other forces and especially by KKE. According to these charges KKE-Int. is responsible for a compromising policy toward the conservatives. And while during the previous 3 years KKE-Int. moved forward with certainty along the lines it had charted, suddenly after the 1977 election it felt the need to "apologize" by its deeds. In some such way a sort of "turn-around" was inaugurated--a "turn-around" which did not refer to basic options but only to tactics which became evident at the level of current, everyday political practice. Many said at that time that KKE-Int. had decided to deny its own identity and to compete with other forces in terms of "leftism" and "toughness." Obviously this was not the case. There is no question, however, that in the 4 years just ending, KKE-Int. adopted a less "intellectual" and a more slogan-oriented tactic.

KKE-Int. nonetheless utilized to the highest possible degree its forces and potentialities. With one single deputy and its small popular support in 1977, KKE-Int. was able to make evident its political presence, in fact, to a degree too great compared to its actual political strength. It must be added, however, that it was not able to realize achievements of political significance and influence similar to those in the 1974-1977 period. It is possible that this was due to the disappointment caused by the unfortunate electoral result or to the change of political line which did not help it achieve a different identity from other parties of the Left, or it was possibly because of the times...

The most significant political card of KKE-Int. is considered to be its "policy of intervention" inaugurated in 1974 and which it continued without vacillations or interruptions during that phase. This is the view that it is possible to develop corrective intervention efforts for the benefit of the people on almost all subjects; moreover, that it is necessary for a progressive party to claim--and when possible to achieve--arrangements which are good for the people regardless of whether the Right is still in power. This political view above all underlines confidence in the possibilities of popular struggles. KKE-Int. applied and promoted this interventionist policy in the parliamentary struggles, the mass popular mobilizations, the syndicalist sector, the student movement, the cultural efforts, etc.

At the same time, it engaged in serious and responsible reports and analyses on more general political subjects such as the role of the mass movement on environment, on the interests of women, on youth problems, etc. Characteristically, in every neighborhood, every suburb, every village, KKE-Int. has party cells which work politically and culturally, participating in the people's everyday life. This fact is noted and regarded as very significant considering the very small parliamentary representation of this party.



Finally, this participation--in conjunction with its quality--is what differentiates a progressive from a conservative political entity. Evidently, KKE-Int. not only did not leave unexploited whatever popular support it received in November 1977 but, on the contrary, it utilized it to the highest possible degree. From this point on the question is whether the entire effort will be transformed into votes in the coming election.

Many political observers note that KKE-Int. has not succeeded as yet in freeing itself from the "complex" of its feud with the other communist party, and they add that while this feud can in no way help the communists of renewal, it disorients them from other more promising directions.

It is worth noting that more recently KKE-Int. has been trying to project more actively its Euro-communist identity in an effort to underline and emphasize the necessity for its role as the section of a European tendency of the progressive movement as it applies to Greece.

This is a very sound choice which probably should have been instigated long ago...

7520

CSO: 4621/108



## AVEROF ATTACKS PAPANDREOU ON 'MITTERRAND' ISSUE

Athens ATHENS NEWS in English 22 Sep 81 p 3

[Text] DEPUTY PREMIER and National Defense Minister Evangelos Averof Sunday made the following statement:

"Mr. Papandreou speaking in Volos told newsmen that he is consulting and will continue to consult French President Mitterrand on the implementation of his economic policy. This is an astounding statement.

"I think that the following observation should be made.

"1. — The economic policy of the distinguished French politician has not yet rendered fruits. On the basis of official data, French and other economists believe that its first fruits are rather bitter.

"2. — The structure of France's economy is completely different from that of Greece. It is accepted internationally that what may be done in one country cannot necessarily be done in another.

"3. — Since Mr. Papandreou wants so much to copy Mr. Mitterrand, why does he not copy him in his foreign policy? At least this would not have Mr. Mitterrand involved in Greece's domestic policy, and would have obtained for PASOK a

wider range of useful international cooperations.

"4. — What would Mr. Papandreou say if we stated in public that, so far as our economic policy is concerned, we could give advice to President Reagan, to Prime Minister Thatcher and to former President Giscard d'Estaing? And what would he say about us if, before we made a political speech we waved to the people in company with representatives of the above named leaders, as Mr. Papandreou did on August 8 in Rhodes with representatives of four foreign Socialist Parties?"

## PAPER COMMENTS ON DIVISIONS WITHIN SDP ON SECURITY POLICY

Copenhagen BERLINGSKE TIDENDE in Danish 16 Aug 81 p 10

[Editorial: "The Inner Struggle"]

[Text] Danish democracy functions through a number of parties. Most believe that there are too many. And so in truth there are more than can be counted in the Folketing. Recently there has appeared sharp opposition within the Social Democratic Party over entering a defense agreement. A significant minority has taken its distance from the agreement, and protests are streaming in from social democratic voter organizations.

No one can demand that there should be agreement among all members of a party. But voters have a desire, which is justified, that there be at least a general agreement on the basic political positions. In the Social Democratic Party that is not the case when it comes to questions of defense. It is not possible to build bridges among social democrats when they are so far apart on defense. The viewpoints vary from a positive attitude of confidence in the alliance, to a demand for total disarmament. But deep inside the Social Democratic Party--where the leaders and drivers are--there is such opposition on the defense issue that it has caused a deep division. It is not opposition based on a tactical or practical political question. It is not a disagreement which is caused by momentary political circumstances. It is a fundamental difference of opinion of what social democracy should stand for. It is a fight over a basic position. And therefore there is serious talk that there are two Social Democratic Parties.

This difference--in the final analysis--is ideological, and can also be found in other areas besides defense policies. There are more than a few demonstrations of this in economic policies and in other fields, where the disagreements over goals and means show that there is a struggle over social democratic ideology. This is a condition which undermines the government and is a permanent burden on its relationship to the Folketing. What do social democrats stand for? How long can one have confidence in them and their goals?

It was such an ideological clash which almost 10 years ago led to the departure of Erhard Jacobsen and the formation of the Center-Democrats. It was the question of

respect for the fundamental position which led to action by the deserters. It is not unlikely that something similar could happen again. Because in the long run no party can tolerate not standing fast on its foundation with unity in its position on decisive national and political problems.

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CSO: 3106/173

## AIR FORCE CHIEF URGES SWEDISH PLANE REPLACE VIGGEN

PM240935 Stockholm DAGENS NYHETER in Swedish 18 Sep 81 p 2

[Editorial by Olof Santesson: "The Air Force: A Swedish Jas"]

[Text] Thus one body has made up its mind on the question of a new aircraft for the Swedish armed forces. The air force chief recommends the purchase of a Swedish aircraft to replace the Viggen system. Now it all depends on what the armed forces commander in chief, the defense committee, the government and the Riksdag will say.

Swedish air defenses will also need to have an aircraft at their disposal in the future. The problem is which aircraft base, to use a fashionable word, to invest in in order to achieve the best possible pursuit, attack and surveillance for the money, 20 billion kronor by the end of the century.

For Lt Dick Stenberg the choice was between a Swedish JAS [pursuit, attack and reconnaissance aircraft] and a few foreign (meaning U.S.) alternatives. One of them, the F5's, the first prototype of which flew in 1959, was found to be unacceptable. The more modern F/A18 (originally developed for the U.S. Navy) and the F16 (well-known from "the arms deal of the century," when it was brought by several NATO nations and also supplied to Israel) are both considered to be excellent alternatives. From the flight safety viewpoint the F/A18 with its two engines would be better than a Swedish JAS.

The layman naturally wonders how the air force chief can satisfactorily compare already existing foreign aircraft with a Swedish aircraft which has only been sketched. In a debate article on DAGENS NYHETER's editorial page the other Col Sten Borgstroem spoke of how it really was impossible to decide on a system whose final aircraft are intended to be in use in 2005, in almost 45 years time [as published]. What reasonable notions of today's technical demands would it have been possible to have at the end of the 1930's?

Borgstroem is worried that Swedish manufacture would mean such investments in the aircraft itself that the resources left over for weapons would be much too small. He advocates a foreign aircraft which could be further developed for Swedish use.

However, the air force chief has limited himself to more purist alternatives. His argument goes as follows: A Swedish system would be smaller and lighter

(meaning cheaper in operation) than corresponding foreign ones. It is estimated that it would be safer in the air than already existing Swedish aircraft. If investments are not made in a new Swedish aircraft there is an obvious risk that qualified personnel in the aircraft industry would be scattered abroad, and this could lead to problems in the future in making the necessary modifications to the Draken and Viggen aircraft. With foreign aircraft there are always uncertainties with regard to delivery. The transition to a foreign system with regard to maintenance and so on would be long and difficult. Investment in a Swedish alternative would give the rest of the world the impression of continuity and stability.

And so the politically most important conclusion: It ought to be possible to produce a Swedish JAS within the framework of the funds allocated. The technical and economic foundations for a decision are considered to be better than those for the Viggen at the corresponding stage of the project. It is thought that it would be possible to gain better control over operational and maintenance costs, although the air force chief speaks of the need for dynamic guidance and a number of checkpoints.

But the problem is that we have seen all too many large projects burst the financial framework drawn up for them.

The air force chief has offered eloquent and in many respects persuasive arguments for the purchase of a Swedish aircraft in place of a foreign one. Nevertheless, unfortunately he cannot give much certainty to a decision about a new aircraft which it is thought must be made next year at the latest.

CSO: 3109/6



## PROPOSED ARMED FORCES REORGANIZATION UNVEILED

PM240939 Stockholm SVENSKA DAGBLADET in Swedish 19 Sep 81 p 9

[Report by Jan Almloef: "Eight Billion Kronor Will Be Saved; P2 Will Remain"]

[Text] "The defense forces can reckon on savings of around 8 billion kronor and personnel cuts of approximately 6,000 people over 10 years if this proposal goes through," Swedish Commander in Chief Gen Lennart Ljung said when he presented his proposal for the defense forces' future peacetime organization on Friday [18 September].

The final proposal contains only one change; P2 in Haessleholm will remain instead of being disbanded as the commander in chief had recommended in his previous proposal.

"The estimates we had made of the savings which would come from disbanding P2 turned out to be too optimistic. The further investigative work we did showed that there was no reason to disband the unit," Gen Lennart Ljung said.

"It is pleasing that the commander in chief listened to our criticisms and altered a decision which had already been prepared," said Lt Gen Sven-Olof Olson, military commander in Kristianstad.

"The saving of P2 will be of great importance for defense effectiveness in Skaane," Sven-Olof Olson said.

The commander in chief has recommended that the following units be disbanded:

S2 Karlsborg	1984 at the latest
I 3 Oerebro	1985 at the latest
KA5 Haerboesand	1985 at the latest
A6 Joenkoeping	1985 at the latest
T1 Linkoeping	1987 at the latest
F13 Malmslaett	around 1990
F18 Tullinge	starting in 1987 at the latest

The commander in chief has proposed that the following units be moved:

K1/F044 Stockholm to Kungsaengen by 1985 at the latest.

Ke Skoevde to Karlsborg by 1985 at the latest.

The army flying school will leave Nyikoepping around 1988.

T2 Skoevde will be housed with PR/F035 in Skoevde by 1987 at the latest.

The naval college at Naesby Park will move to Berga by 1990 at the latest.

T4 in Haesselholm will be housed with P2 in Haessleholm.

The naval base and naval school in Karlskrona will be merged into one unit by 1985 at the latest. (The Sparre barracks will be closed by 1985 at the latest.)

The commander in chief also proposes that marine activities in Goeteborg be concentrated to KA4's barracks.

CSO: 3109/6

## ELF-AQUITAINE FINDS MAJOR MINERAL DEPOSITS IN BRITTANY

Paris L'HUMANITE in French 3 Sep 81 p 11

[Text] Iron, sulfur, copper, silver and gold in appreciable quantities in the subsoil of France? L'HUMANITE is able to reveal that the national company Elf Aquitaine has just discovered one of the most important mineral deposits found in the past few years, in an area where expeditions are rather rare: Rouez, about 30 kilometers from Le Mans. Of course, Elf is only in the very first stage of discovery and studies are being conducted to find out whether it is technically and economically feasible to mine this deposit. However, if the studies prove positive, more than 1,000 jobs could be created, new industries established in an area which has had a hard time due to the automobile crisis, and our foreign purchases of ore would be reduced.

About 100 million tons of iron sulfides, with copper, lead, zinc, silver and even gold, in deposits in the west of France, about 30 kilometers from Le Mans (Sarthe). This is what Elf Aquitaine recently discovered.

So far, the nationalized group has not publicized the results of its research, which are still within the preserve, more or less, of a few specialists. But, based on a company report\*, L'HUMANITE is able to reveal the size of the deposit, called the "Rouez deposit," the name of the mountain mass.

With a great deal of caution as to the extraction possibilities, but with an enthusiasm proper to a researcher who is seeing the work of his team pay off, Mr Bernazeaud, head of the mining operations division at Elf, stresses the size of the discovery in this report. "We are faced with sizable reserves of metal," he writes. So that you may judge:

45 million tons of iron  
35 million tons of sulfur  
1.5 million tons of zinc

\* Elf Aquitaine, Direction des Mines, April 1981, "Chronique de la recherche miniere," Mining Research Chronicle, No 458.

600 thousand tons of copper  
300 thousand tons of lead  
2 thousand tons of silver  
150 tons of gold

These are considerable resources, considering the particularly high prices of these raw materials and the speculation to which they are subject.

Furthermore, in addition to this "enormous lode," there are two other smaller deposits:

- the one called "Petit Rouez" where the "actual existence of rich ore" which is relatively easy to extract "remains to be proven;"

- the upper part of the deposit: the "iron hat" where the same metals as in the major deposit are found, clearly richer, but in more limited quantity. Using open pit mining, this could "constitute," according to the head of the department, "a significant addition," if the other resources could be exploited.

Nothing Since 1880

This is, in fact, one of the greatest mining discoveries of past years. It opens new perspectives, both economic and industrial, as well as on the level of awareness of national reserves. Even if we must not claim success before it can be determined whether the resources can be mined under present technical and financial conditions.

The fact remains that this work called for and will call for considerable innovation. But, let us begin at the beginning with the history of the Rouez deposit, which holds many lessons.

In fact, the Elf discovery is in some ways only a "rediscovery," as the author of the report notes. As far back as 1880, the surface layer of the deposit was mined for its iron ore. Since then, nothing. The composition of the Armoricaian mountain mass hardly lent itself from the start to large-scale operations, and the mining companies were resolutely aiming abroad where the profits were assured.

"At the beginning of the 1970's," explains Mr Bernazeaud, "there were very few mining geologists in France who dared to connect the idea of sulfide deposits--already well known for their economic importance in Canada, Australia, Spain and Japan--to the idea of looking for this type of deposit in their own country."

Among them--and this is no accident--a team from the Bureau of Geologic and Mining Research which was reinterpreting "the results of former explorations for lead and zinc in the area called Bodennec with new ideas." At the same time, Elf opted for the southern Vosges and Beaujolais areas, without any luck.

But, in 1974, the public department and the nationalized company joined together and shared the work at the Armoricaian mass. They implemented a totally new technique: the electromagnetic process, using a plane which had to be brought from

Canada, accompanied by experts, with the financial risk that this entailed. This explains why private companies had not become involved, and is a good lesson for disparagers of nationalization, who feel that it stifles all initiative, to consider.

The results obtained were in line with the boldness of the two partners and will naturally have consequences for the entire Armorica mass and for Brittany. More generally, "the Rouez discovery," comments the author of the study, "has abruptly opened to prospecting and to scientific research a field of action both vast and totally new."

As a matter of fact, since the work did not begin until 1975, and did not take on its true dimensions until 1976, the preliminary conclusions today do not yet prejudice the results of other studies conducted to gain a "more detailed knowledge" of the deposit and its possibilities, and to find out whether mining would be technically and economically feasible. There again, it is necessary to resort to new methods.

The sulfide deposits could lead to double exploitation, if we can call it that, to utilize all the riches they conceal: production of sulfuric acid, essential to the chemical industry (fertilizers), or of basic sulfur (a more difficult process to implement) and the extraction of all or part of the precious and basic metals. This is what specialists call "total development."

But, at Rouez the particles are very fine and processing may prove extremely difficult; no technology for this has been totally perfected.

In any case, they are not starting from scratch. In this same report\*, Messrs Larribau, Detienne and Portenseigne show that experiments have been conducted for the past several years, especially in Spain and Portugal, using ore comparable to that found at Rouez. The two governments have devoted large research programs to this during the past 6 years, a small reprocessing unit has been built in Spain, and the processes are at the "semi-industrial" stage.

Whatever the circumstances, it is not in France's interest to remain uninvolved in a field which "throughout the world, is the object of a considerable research effort whether in hydrometallurgy or pyrometallurgy, as Mr Bernazeaud indicates. All the more so since it does not seem at all unreasonable to expect substantial improvements and new developments in the years to come."

#### A Thousand Jobs Created

Using advanced technologies, the development of Rouez could also have beneficial effects for the national economy and for the economy of the Le Mans region.

The list of metal reserves above suffices to indicate the size of the savings in currency that the extraction would enable. The steelmaking industry, for example,

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\* Elf Aquitaine, Direction des Mines, April 1981, "Chronique de la recherche minière," Mining Research Chronicle, No 458.



would be able to reduce its iron imports. The sulfur production, according to some experts, could prove sufficient to cover national requirements.

The mining would no doubt give new impetus to industry in Le Mans (and indeed in all of Brittany) and would open the way for real diversification while the area today is particularly affected by the automobile crisis. In fact, in addition to the jobs created by opening the mine and processing the ore, "total development" presupposes establishment of chemical plants to use the sulfuric acid or the sulfur obtained. Not to mention the building of infrastructures which this implies.

"A project like this," concludes Mr Bernazeaud, "would require heavy investment. In return, it would yield significant business volume, create more than a thousand jobs, and procure significant savings of currency."

#### Other Criteria for Evaluation

But, it is true that the change in political majority appreciably changed the criteria for evaluation. Giscard d'Estaing placed emphasis on foreign investment; the current administration is speaking of reconquering the domestic market. Thus, in preparing the 2-year interim plan, they have established as "high priority" objectives: "employment, raising the standard of living, revival of investments, loosening foreign restrictions, energy independence." Studying the Rouez deposit falls directly within this framework.

Furthermore, as soon as he was aware of the project, Robert Jarry, the Communist mayor of Le Mans, wrote to Pierre Dreyfus and he has just requested Michel Rocard to include a study of the project in the new plan. He also suggested to the regional council of the Loire that the topic be included on the agenda for their next meeting.

Decentralization will, in fact, give elected officials more opportunities to become involved. They will finally be able to participate in choices fundamental to the future of their cities and regions. They will naturally have something to say during preparation of the final verdict on Rouez. And, this is not the least of the innovations.

Even more so since this step could depend on extension of worker's rights, particularly in nationalized companies such as Elf. The workers too will be able to know about the technical and financial assumptions which will lead to a positive or negative decision on the future of the deposit.

Thus, from beginning to end, the Rouez story, however it may end, will have implemented completely new methods. It must be said that the stakes are large enough for the whole country.

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